FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER**

Monday March 12 1984

Countdown to the crucial Brussels summit, Page 16

GENERAL

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Another against

Senator Gary Hart gained another win over former Vice-President Walter Mondale in the contest for water producte in the binness for the Democratic nomination for U.S. presidential election. He scored 60 per cent of the vote in the Wyoming cancuses, to Mondale's 28.

A CBS-New York Times poil gave Mr Hart a lend over Mr Mondale among Democrats nationally, showing him as having 38 per cent sup- THE BELGIAN franc improved port against Mr Mondale's 31 per within the European Monetary Sys-

Tomorrow provides a crucial test when nine state Democrat primar-ies and caucuses will be held. Page 18

Libya accused -

Britain summoned representatives of the Libyan People's Bureau to the Foreign Office to tell them of its displeasure at the weekend bombings in London; one of which injured more than 20 people at a club. Chad accused Libya of being behind the bombing that injured 25 people and destroyed a DC-8 of the French airline UTA at N Djamena airport.

Syria reshuffle

Syrian President Hafez Assad appointed three vice-presidents and formed a new Cabinet headed by Prime Minister Abdel Raouf al-Kasm. Foreign Minister Abdul Halim Khaddan becomes first vice-president for political and foreign affairs and Assad's brother Rifast second vice-president Third is Mohammed Zulmar Manbarga, regional under secretary of the Ba ath Party.

South African blazes

Explosions set five petrol tanks ablaze at a Mobil Oli depet at Ermelo, 180 km (110 miles) east of Johannesburg. Page 18

Gunman killed

Bordeaux police shot dead a gunman, a member of the Yugoslav Gaing" who was trying to steal a hel-icopter in a prison breakout. Two accomplices escaped by car.

Macmillan's son dies

Lord (Maurice) Macmillan, Con-servative MP and son of UK former Premier Harold Macmillan, who was made an earl at the New Year. died, aged 63, after a heart opera-tion. There are now four byelections pending for the House of Commons Page 8

Mexican brush-up

Mexico's ruling Institutional Revolutionary Party has launched a toplevel reorganisation in what is seen as an attempt to improve its image. Chairman Adolfo Lugo Verduzco recently admitted there we: corrup-

Ethiopia snubs talks Ethiopia, accusing the U.S. of air-

lifting arms on a large scale to Sudan said it would not attend talks aimed at easing tension with Sudan. They are to start in Nairobi to-

Mandela refuses

Jailed South African black nationalist Nelson Mandela has refused an offer of freedom that was conditional on his living in a black tribal homeland, said his lawyer.

Seamen die in fire

Three seamen died when a fire swept the Liberian registered freighter Devenshire in the East German port of Rostock yesterday.

Escape by biplane

Two Czechs sought political asylum in Austria after flying low across the border in an old Soviet-made biplane of a type used spraying crops. article, Page 17

BUSINESS

Hong Hart win Kong cuts its prime Mondale to 8.5%

HONG KONG'S banks cut local interest rates by 1.5 percentage points, lowering the prime rate to 8.5 per cent, the territory's lowest since November 1978 and the fourth cut this year. Page 18

GREEK-SOVIET joint alumina plant worth \$450m is to go ahead in Greece, using local beaucite. Page 4 tem last week to its best level since

EMS MARCH 9, 1984

GRID

EGU :-

December in terms of its Ecu cen-

tral rate, but remained outside its

The Belgian national bank was

again active in currency markets, helping to support the franc against the strengthening D-Mark.

divergence limit.

Boating financial franc.

mand. Page 4

chip. Page 29

INTEL, the U.S. microprocessor maker, has recruited Advanced Micro Devices to help it meet rising

demand for its most popular micro

CRA, the Australian mining and

metals group has taken a large stake in Maximilianhitte, the Bavarian subsidiary of West German steel group Klöckner. Page 20

UK CHANCELLOR of the Exche-

quer Nigel Lawson will tomorrow

give an encouraging picture of Brit-

ain's prospects in his budget speech, forecasts Max Wilkinson. Page 7

WEST GERMAN Government has

hit back strongly at the unions'

campaign for a 35-hour week.

WILTON-FIJENOORD shipyard

sit-in at Schiedam, outside Rotter-

dam, in protest against planned re-

dundancies, is threatening a take-over by the Damen group. Page 3

BRITISH RAIL wants to build about 25 140 mph (224 km/h) locom-

otives at a cost of £30m (\$44m) to

CLUB MEDITERRANEE, the lead-

ing French holiday operator, improved consolidated profits 22 per

cent at FFr 213m (S27m) in the year

WALL STREET has caught infla-

tion jitters, says economics writer

Samuel Brittan in a special feature

ended October. Page 29

The UK, with some support from the Netherlands and West Ger-many, is insisting that no more money can be made available because the EEC is this year spending all of the revenues to which it is legally entitled.

the farm budget.

the Ten spending Ecu 1bn (\$840m) more than the Ecu 16.5bn allocated

BY JOHN WYLES IN BRUSSELS

Nevertheless the proposals, tabled by M Michel Rocard, the Nevertheless French Farm Minister and President of the Council of Ministers, were regarded by all his fellow agriculture ministers yesterday as the basis for negotiations which were expected to continue through the

summit of EEC heads of government. The French proposal would leave dealing with dairy surpluses and "to keep within the money avail the European Commission.

France yesterday suggested price cuts of 1 per cent to 1.5 per cent on a range of

farm products other than milk in a hesitant attempt to encourage outline

agreement on agricultural prices and reform in advance of next Monday's

Paris offers farm

price cuts in bid

for EEC accord

to agriculture in the EEC's 1984 The plan predicts that spending farm ministers' meeting. Any agreement along these lines would therefore add to the summit's would come out at Ecu 223m above already formidable problems by posing the question of how to fund als for phasing out MCAs, the bor- getary ceiling der taxes and subsidies designed to

> ters this morning. Suspicions remain strong that most of the farm ministers want to avoid responsibility for imposing hardship measures on farmers and that they want for-eign ministers and, possibly, the summit to say what more is re-

M Rocard's approach aims for some genuine economies through a broadlybased price reduction. But these savings would be used to fi
While finding plenty of details to

monetary compensatory amounts able," he thought M Rocard had (MCAs) than those submitted by taken "a very careful measure" of

Mr Jopling left the impression the Ecu 16.5bn in the budget before that he was under instructions from adding the costs - possibly about Mrs Thatcher, the Prime Minister Ecu 600m - of the complex propos- to argue for staying within the bud-

Other ministers will be very reeven out the effects of currency luciant to accept the Rocard strategy on prices, which contrasts with all member states manifest.

Outer managers and support of the Rocard strategy on prices, which contrasts with Commission proposals for process. ly anxious to avoid another summit rises on an average 0.8 per cent. failure next week, M Rocard will re- The French plan leaves the milk port the farm ministers' progress to price frozen but would take 1 per the EEC's Council of Foreign Miniscent off the prices of common wheat, barley, rye, maize, sugar and olive oil and 1.5 per cent off beef, yeal and pigmeat.

M Rocard is suggesting a 98.5m tonnes quota on milk - compared with 97.2m tonnes favoured by the Commission - and a degree of flexibility in its application which appears too generous to win approval from the UK and the Netherlands.

Crucial summit, and Editorial

Tenneco prepares to raise Poclain stake

BY DAVID MARSH IN PARIS

. For most of the week it was quoted close to its cross-rate limit, but there was little real downward pres-sure. That was highlighted by a reduction in the gap between the Belcue deal for the company which mess following a 40 per cent slump might total around FFr 500m in the domestic French market last veer The chart shows the two constraints

Officials from on European Monetary System ex-change rates. The upper grid, based banks, which already own 25 per cent of Poclain, and from the on the weakest currency in the sys-tem, defines the cross rates from French treasury, attended a meet-ing at the weekend to try to work which no currency (except the lim) may more more than 2% per cent. The lower chart gives each currenout a financial solution for the excavator manufacturer. It announced cy's divergence from its "central rate against the European Currenlast week it was calling on shareholders for its second large cash injection in 12 months following net cy Unit (ECU), itself a basket of Euosses of FFr 198m in 1983 and FFr 283m in 1982. TEN JAPANESE semiconductor

Poclain is also seeking further remakers are to spend more than Y500bg (\$2.26bn) on new equipment dundancies at its French plants and, as part of its overall streamlinthis year to meet tast growing deing plans, is searching for bidders

Details of the financial package have not yet been worked out. But industrial sources said Poclain was seeking to accomplish as quickly as possible a capital write-down and a subsequent equity increase by FFr 260m up to a maximum FFr 465m. Tenneco, which bought its stake -

held through its Case construction and farm machinery arm - in 1977, is expected to increase its share to about 45 per cent, but will stop short of taking majority control. Poclain's bankers, led by Credit Lyonnais and Crédit du Nord, are also expected to increase their 25

TENNECO, the U.S. energy group, for its mobile cranes subsidiary, per cent stake although they are is poised to increase its 40 per cent stake in Poclain, the troubled around FFr 800m. The company is around FFr 800m. The company is in struggling companies. Poclain is looking either for partners or an outright buyer for the cranes busing about FFr 250m.

Poclain received FFr 680m in loans and equity from shareholders and banks early last year, but this has proved inadequate to cope with the continued erosion of its busi-

Tenneco has been making clear to the French finance and industry ministries that it sees a strong future for Poclain only if sufficient capital is made available to back the company's industrial refurbishment plans. These include bringing in robots and automated production processes. Other public-sector investors which could play a role apart from the banks, include the state-owned financial institution Caisse des Depots,

Two British banks plan links to leading stock market firms

BY JOHN MOORE AND DAVID LASCELLES IN LONDON

the largest stockjobber or market maker on the London Stock Exchange. The move, expected to be announced today, will mark an important realignment in the financial community and a new phase in London's financial services revolu-

At the same time the bank will also announce its intention to form a link with de Zoete & Bevan, one of the 10 largest stockbrokers in the London stock market. It will be the first time during the present upbeaval in regulating London securities dealings that a three-way deal between a clearing bank, a jobber and a broker has been organised.

It also emerged yesterday that another of the big banks - Midland, through its merchant banking subsidiary, Samuel Montagu - was negotiating to buy a 29.9 per cent stake in W. Greenwell, one of the top London stockbrokers, which has specialised in dealing in UK government securities.

The changes now under way

BARCLAYS BANK, Britain's largest retail bank, is planning a link low greater competition in the stock stock exchange rules, of 29.9 per with Wedd Durlacher Mordaunt, market, agreed between the stock cent. As and when the rules are reexchange and the UK Government laxed regarding the ownership of

All member firms of the London Stock Exchange face considerable commercial pressure following the exchange's agreement with the Government under which minimum scales of commission on securities by the end of 1986.

Stock exchange firms are seeking partners to provide them with capi-tal that will enable them to compete and maintain their positions in more competitive markets.

terday that the Barclays plan would "create an integrated securities

In the proposed Barclays deal, it is expected that the bank will seek to take the maximum permissible

bank will seek to acquire a control ling interest.

Barclays is expected to announce that it is intending to form a link with de Zoete & Bevan once the rules are eased. At present, outsiders are not permitted to own more than 29.9 per cent of any one firm.

Most of the 55 partners of Wedd Durlacher met yesterday in the firm's City of London headquarters to approve the final proposals.

The changes are likely to be well Mr James Titcomb, senior part-comed by the country's central ner of de Zoete & Bevan, said yes-bank authorities. Last week Mr Robin Leigh-Pemberton, Governo of the Bank of England, welcomed firm following the Government's the strengthening of British-owner decision that commissions on trans-actions must be negotiated in the future." securities trading groups and warned that he would not be happy with a stock exchange in which British-owned member firms play ed a "subordinate role."

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U.S. court drops Iran charge against Marc Rich

By Paul Taylor in New York and John Edwards in London

THE U.S. courts have dropped one of the key charges against the Swiss-based Marc Rich commodity group because of a legal loophole The group still faces other serious charges, including tax evasion, fraud and racketeering, however.

The trial on those charges, which include the alleged evasion of \$48m in U.S. taxes, has now been pospoped from March 27 to May 16 because of the complexity of the case and the number of pre-trial motions submitted by defence lawyers which have yet to be decided.
Under the initial Grand Jury in-

dictment, delivered last September, Marc Rich AG, the Swiss-based parent group, and Marc Rich and Com-pany International, the commodity trading group's U.S. subsidiary, now called Clarendon, were also charged with conducting business with Iran during the U.S. hostage

Those charges, seen by lawyers for the two companies as some of the more emotive in a 51-count indictment, have now been dropped because the rules banning trade with Iran during the 1980 hostage crisis specifically excluded foreignbased companies. Mr Marc Rich and his colleague

Mr Pincus Green have also been charged with illegal trading with Iran during the hostage crisis but are thought unlikely to return to face trial in the U.S. Both men are believed to be in Switzerland and have failed to respond to arrest warrants issued in the U.S.

A federal judge in New York is due to rule in the next couple of weeks on the wide range of pre-trial motions submitted by defence lawyers during two days of hearings at the end of last week.

The case, said by U.S. prosecu-tors to be "the largest tax evasion scheme ever prosecuted," revolves around a complex series of oil trad-ing deals in 1980 and 1981 said to involve more than \$100m in taxable income which the companies are ac-cused of concealing from the U.S.

tax authorities.

The Marc Rich group has already paid more than S11m in fines for refusing to hand over documents to the U.S. courts. The case has led to disputes between the U.S. and Swiss authorities over jurisdiction and to a wave of pre-trial publicity, which U.S. prosecutors have blamed on the actions of the defendants.

Meanwhile the group remains ac-tive in the world metals and oil

Baldrige hits out at ban on steel merger

BY TERRY DODSWORTH IN NEW YORK

U.S. Commerce Secretary, has added more fuel to the smouldering row over the Government's steel industry merger policy in a scathing attack on the Justice Department.
In an article published by The New York Times yesterday, Mr Baldrige describes the department's decision to block the pro-posed merger of LTV and Republic Steel as a "world-class mistake for the U.S."

The article goes on to accuse the department's anti-trust officials of building a "legal model of a fairyland world" that ignores the inter-national arena of "global guerrilla skirmishes, sometimes spilling over into major economic warfare."

Behind Mr Baldrige's colourful language lies an intensifying campaign to twist the Justice Department's arm in its negotiations with the two companies on possible ways of revising the original merger pro-posals. Only last week, President Ronald Reagan let it be known that he fully supported the Commerce Department, saying that in his view there were no "monopoly" dangers

The attack on the Justice Department derives from a crucial difference of opinion over restructuring in mature industries. In its detailed rejection of the LTV-Republic pro-

MR MALCOLM BALDRIGE, the crease in market concentration in several products, including half the

stainless steel sector. Mr Baldrige argues that in some industries like steel, "It is impossible to restructure successfully - to lower costs and increase productivity - without merging."

If the mergers do not take place he adds, the industry will be forced to push for completely protected home markets or some form of government subsidy, weakening its ability to compete, raising prices, increasing inflation and burdening consumers. "None of these results is in the national interest," he con-

His argument was given added piquancy last week when U.S. Steel, the largest of the country's, steel companies, abandoned its agreed takeover of National Intergroup's steel activities and immediately called for support for Congressional action to limit all imports to 50 per cent of U.S. requirements. So far Mr Paul McGrath, head of

the Justice Department's anti-trust division, has taken these criticisms from within the Administration calmly, while making clear that he is willing to discuss ways of changing proposed agreements to comply with the regulations. The result of the talks on such adjustments in the LTV-Republic case will be watched closely to see how far the posals, the department used a clear- department has been willing to go ly defined formula to show that the to meet the Commerce Secretary's merger would produce a big in-criticism.

Brazil steel faces shut-out in U.S.

BY NANCY DUNNE IN WASHINGTON

minated from the U.S. market after increase its exports. agree on quotas and a Commerce in the protectionist atmosphere of a Department ruling against Brazil

U.S. election year and broke down for dumping.

The collapse of talks last week will be a heavy blow to Brazil, the world's largest debtor nation. The U.S. is its largest steel market and

Brazil supplies about 5 per cent of total U.S. steel imports, but its penetration has been rising quickly. from 487,000 tonnes in 1982 to 814,000 tonnes last year. The coun-Continued on Page 18 try has been under pressure from

BRAZILIAN steel is likely to be eli-the International Monetary Fund to

the failure of the two countries to The quota negotiations took place

gan Administration is reported to have offered Brazil a quota of a quarter of its exports last year, half the amount that Brazil had been Brazil had been hoping to boost ex- thought likely to accept. It offered port earnings there to \$700m this to reduce its exports by about a year from its 1982 earnings of third to 540,000 tonnes and would have gone lower.

> The aim was to negotiate an orderly import system like that arranged with the EEC. Brazil, however, refused to set a precedent by

Continued on Page 18

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SOUTH AFRICAN AIRWAYS - Fifty years' flying experience

Moscow praise for Syrian role

MR GEIDAR ALIYEV, a senior member of the Soviet Politburo and first deputy chairman of the Council of Ministers, held a second day of talks with Syrian leaders yesterday, after publicly pledging continued support for the regime of President Hafez al-Assad, our Foreign Staff

At a banquet given in his honour in Damascus, Mr Aliyev repeatedly paid tribute to in countering Syria's role American influence in the Middle East and in particular humiliating the U.S. in Lebanon. Arab foreign ministers look set to hold an emergency meet-ing in Baghdad tomorrow to discuss the latest escalation in the Gulf War.

According to Iraq's official news agency, 15 of the 22 members of the Arab League have agreed to attend the meet-ing "to deal with the grave situation which threatens the whole Arab region."

Meanwhile, both Iran and Iraq reported continued fighting around the Majnoon oilfield in south-east Iraq at the weekend. Iran said yesterday that it had crushed the latest Iraqi attempt to retake Majnoon island but there was no official confirmation from Iraq and diplomats in Baghdad said the Iraqis appeared to have Iranian forces surrounded on three sides. Casualties were reported to be high, even by the standards of

Lausanne musters fortifications for second Mid-East gathering

LEADERS OF most of the eight political and religious factions taking part in the second round of the Lebanese National Reconcillation Con-ference had arrived in Lausanne by midday yester-day. President Amin Gemayel was expected to arrive later ne day from Nice.

The conference, which was

talks, is due to open officially today. The first round ended in Geneva after five days of talks last November 4.
Saudi Arabia and Syria, which have played key roles in mediating between the different Lebanese parties, are present as observers. On arrival, most party leaders expressed optimism about the outcome of the conference. A

notable exception was Mr Walld Jumblatt, the Druze leader. Mr Jumblatt ex-pressed scepticism about anything worthwhile emerging from the talks and has been consistently critical of Mr Gemayel, who is to chair proceedings. The setting of this confer-

ence and the extraordinary security precautions around

contrast. The Beau Rivage Hotel first opened its doors to guests in 1861, and overlooks the lake of Geneva. It has a timeless elegance personified by the six elderly ladies who placidly played bridge on Saturday afternoon in the main saloon, while security police sub-

governor and an executive

The Christian community, fearful of being dominated by a Moslem majority, is now

opting for a federal system which would allow it some autonomy in administration and foreign affairs. There is

a real fear of a Syrian army or Moslem militia push into Christian-controlled areas.

jected visitors to stringent body searches. Outside, terraces and garage Outside, terraces and garage entrances are ringed by rolls of barbed wire and police armed with machine guns are on patrol. Some 800 police have been mobilised, includ-ing anti-terrorist squad units. There is a sandbagged pillbox at the main hotel entrance

strips to deter would-be bombers from driving up. Three huge green-coloured steel walls on wheels—looking like mispheed cricket sight screens—stand in front of the conference hall windows to protect the negotiators against rocket assaults. The erstwhile genteel hotel has temporarily been transformed into a fortress.

over food for rural curfew area By Tony Hawkins in Bulawaye THE ZAPU opposition leader Mr Joshua Nkomo yesterday accused the Mugabe Govern-ment of withholding food

Lebanese leaders harden positions before conference

BY NORA BOUSTANY IN BEIRUT

LEBANESE LEADERS, who at Geneva, have hardened their resume their national reconcili-ation conference in Lausanne, preparation for the tough bar-Switzerland, today, have to gaining ahead. tackle three general issues: Moslem and Druze opposition political reform at home, the figures such as Mr Walld Jumformation of a new cabinet and the withdrawal of Syrian and Israeli forces from Lebanese

The fear here is that their meeting will result not in an political confessionalism — the effective dialogue but in a distribution of key posts along series of monologues. Before the departure for Lausanne of Lebanon's eight most important political leaders, it was already evident that no common ground had been reached even between allies on the same side of the fence.
In consequence the best out-

come political analysis here are hoping for is some sort of military and political truce— not an overall settlement. In the past week, participants anti-government forces, invited to Lausanne, the same who met early last November Forces," the alliance of

Berri head of the Shi'ite Amal movement, appeared more or less agreed on basic demands.

sectarian lines—they were re-ported to be seeking a radical restructuring of the Lebanese army so it may not be dragged into internal conflicts. The Druze working paper of Mr Jumblat's Progressive Socialist Party is also pressing for a "trial of Lebanese officials for what happened in the southern suburbs and the mountains."— a reference to last month's fighting between the army and

PHALANGE RADIO reported ses that Lebanon be into a federal Arab republic, divided into provinces. Decision-making on foreign, defence, monetary and financial affairs should be made at province level. Each would be headed by a

Christian militias, announced last week that they were not concerned with the Lausanne conference since they are not officially represented on it. The political consultant, Mr Karim Pakradouni, dropped a hombshell last weekend, when he called for the cantonisation of Lebanon, its partitioning into the several states with independent administration councils

and armies.

federation in Lebanon, Shi'ite leader Mr Berri said: " If that is the case, let them prepare them-

community, The Lebanon's poorest and largest, dislikes a system of cantons which would leave it undeveloped compared to other communities. Some Druze officials, however, have indicated that they are not totally opposed Commenting on the idea of a to such an arrangement.

President Amin Gemayel, who will be chairing the national conference, and who is said to be carrying with him a revoluntionary programme, is due to propose administrative decentralisation and a special body for economic and social

Among new introductions into the Lebanese formula of coexistance, suggested by various parties, are the formation of a senate in addition to Lebauon's unicameral chamber that would provide for a wider representa-tion of the many religious

groups
Another demand, on which Another demand, on which there is agreement is that the prime minister should be elected by parliament. Under Lebanon's traditional system agreed upon in the national charter, a gentlemen's agreement reached in 1943 among the various groups, the President is a Maronite Christian, the Prime Minister a Sunni Moslem

appointed by the President, and the Speaker of the House is Shi'ite Moslem.
The former President, Mr

Suleiman Franjieh, and Prime Minister Rashid Karami, both members of the opposition National Salvation Front, with Mr Berri and Mr Jumblat, are said to be against the latters request for the abolition of political confessionalism, at political least for the three top posts.

There is a considerable generation gap of at least 30 years between Mr Franjieh and Mr Karami on the one hand and the younger Mr Berri and Mr

Jumblat on the other.

Mr Camille Chamoun, a former Christian president, and Mr Pierre Gemayel, head of the Phalange, members of the Christian alliance of the "Lebanese Front" declared before leaving that they would not concede an amendment of the Lebanese constitution now being challenged.

Pressure on Israeli coalition

By Our Tel Aviv Correspondent SRAEL'S SMALL religious

parties are creating problems for Prime Minister Yitzhak Shamir by demanding Government intervention to uphold the sanctity of the Sabbath holiday.

The religious factions, a vital component in the fragile ruling coalition, have been enraged because police arrested a well-known rabbi for questioning on the Sabbath, following minor clashes between secular and orthodox Jews in the Tel Aviv suburb of Petah Tikva.

Rabbi Baruch Salomon was allegedly among a crowd that stormed a cafe because it broke religious law by serving custo-mers on the Sabbath.

Mr Avraham Shapira, leader of the ultra-orthodox Agudat Israel Party, which has four Knesset seats, threatened to quit the coalition if the Rabbi was not released. The Government has been also deser majority. ment has only a 4-seat majority Agudat and members of the National Religious Party, another coalition partner, want any proceedings against the Rabbi to be dropped. He was released after questioning.

The defection threat, though not taken seriously, brought pressure on Mr Shamir to take a generally unpopular stand in ordering strict observation of

ment of withholding food supplies from the carfew area of southern Matabele-land. Mr Nkomo, addressing his first major rally in Zim-babwe for nearly two years, was accorded a fumultuous welcome by a crowd esti-mated by police at more than

45,000 people, suggesting he has lost little of his popular support in Matabeleland. The 66-year-old Ndebele leader said the curfew was intended to starve dissidents in the area. He added: "The people in rural areas cannot differentiate the dissidents from the Fifth Brigade — a reference to North Korean trained troops being used against bandits in the area.

Nkomo plea

Mr Nkomo said he was disturbed by many things repeated reports of brutality by the security forces against by the security forces against the civilian sopulation and persistent reports from store-keepers that food supplies are not being allowed into the curfew area. Diseases of malnutrition were rife, said Mr Nkomo, and there were eases of women and children dying from starvation. "To deny these people food is to deny them their right to life," he said.

Government statements have admitted that for the third successive year the drought in Matabeleland has been extremely serious, with the maize crup, the staple food, written off throughout

The curfew was imposed five years ago as part of the government campaign against the dissidents who claim to support Mr Nkomo and the Ndebele minority. In his speech the ZAPU leader deand dissidents describing repeated allegations by Government ministers that he was "the father of the dissidents as silly and stupid."

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He told the rally that he still had no response from the Government to the allegations he made in Parliament last month that six civilians had been murdered by the security forces. He had since given Government, ministers details of three schoolgirls abducted by the Fifth Bri-

gade, he said. Mr Nkomo's accusation against the Government over the food situation ar esup-ported by some businessmen who say that the curfew has prevented people from going to the shops and buying

Mr Simbl Mubako, the Zimbabwe Home Affairs Minister, last week ordered food sup-plies to be sent to Matebele-land and that shops, closed under the curfew regulations be opened twice a week.

Employers' opposition to Hawke pay policy grows

BY MICHAEL THOMPSON-NOEL IN SYDNEY

ment has received further clear tion for placating the unions. The new pay regime, which its wages policy—one of the main planks of the Government's strategy for economic recovery—is rapidly losing suprecovery-is rapidly losing sup-

ort.
In Melbourne the farming and

THE AUSTRALIAN Govern- of centrally fixed wage indexaand the Australian Council of

Trade Unions.
Mining and farming employ about 9 per cent of the Australian workforce and account for about three-quarters of total In Melbourne the farming and mining lobbies warned that declining competitiveness could cost the country an additional A\$1bn (£640m) in 1984.

The National Farmers' Federation and the Australian Mines and Metals Association have thus joined other key employer groups—notably the Confederation of Australian Industry—in bitterly opposing the Hawke Labor Government's use

Trade Unions.

Mining and farming employ about 9 per cent of total tralian workforce and account for about three-quarters of total exports. Growing opposition to wage increases derived directly from gains in the consumer price index represents the first serious challenge to Mr Hawke's Government on the economic front in its year and a week in office.

Fluor to advise West Australia on gas surplus

BY OUR FOREIGN STAFF

project.

The Dampier-Wagerup pipeline, which will bring the gas to Perth, the Wagerup Ahumina refinery and industrial markets in the southwest of the state, will be officially completed this week, ahead of bud-

Fluor executives agreed at a weekend meeting in Los Angeles to provide Mr Brian Burke, the Western Australia Premier, with details about the Fischer-Tropsch synthe-sis, a process for converting gas in-to patrol or discol final

to petrol or diesel fuel. Western Australia's State Electricity Commission is set to begin taking gas from the shelf in July, but will not be able to meet its contract conditions in the early years of the domestic phase of Australia's larg-

FLUOR CORPORATION, the U.S. Projections suggest that the total engineering concern, will prepare a market for gas in Western Australia will be between 6.5m and 7m cubic metres a day until 1987. The Complus gas from the North-West Shelf project. livery of 10.3m cubic metres, how

> Tropsch process is already being used successfully in South Africa, but further development is likely to take a year. Although the technology is available, present production costs make it unviable.

Flour Corp joined with Manusell ier-Wagerup pipeline.

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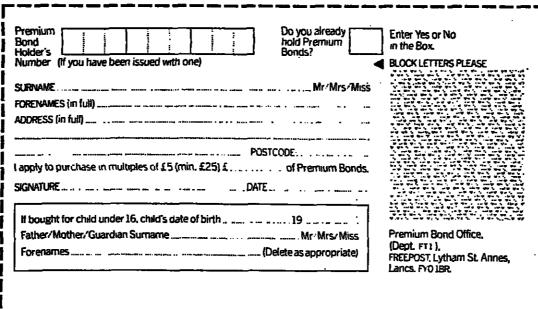
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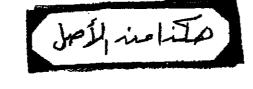
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S. Africa willing to

take part in Namibia

talks unconditionally

African Foreign Minister, said only if all those involved show yesterday that South Africa was willing to take part without any preconditions in a peace continue had come for the leaders of Southern Africa to resolve involved in Namibla.

"Real peace will be achieved

their differences themselves, he

South Africa last month agreed to a ceasefire in Angola and to pull back its troops from

deep penetration into southern Angola. South Africa has also

the past few months.

BY BERNARD SIMON IN JOHANNESBURG

MR PIK BOTHA, the South

involved in Namibla. their d
Such a conference could added.
include the South-West Africa South

People's Organisation (Swapo), Mr Botha said. Up to now

South Africa has refused to participate in-direct talks with Swapo, the nationalist group which has been fighting for Namibian independence over the past 18 years.

Only a few months ago Mr Botha insisted that any discussions with Swapo would have to

sions with Swapo would have to take place through the South African appointed Adminis-trator General of Namibia. The Foreign Minister's statement

Buenos Aires denies

cabinet crisis reports

ARGENTINA'S Radical Gov- week in Rome, may also be

negotiator on the Falklands and recently been patiently laying Beagle channel disputes. the groundwork for a first round

sharp personal differences with Falklands.

Sr Dante Caputo, the Foreign Sr Caputo is believed to have

Argentines braced for a

LONG QUEUES formed outside hoped to keep prices to an

butchers throughout the country over the weekend, as Argentines stocked up in preparation for a week-long Govsistent with its policy of en-

starting today.

The ban on the national dish is the latest in a series of intact the Government's prices creasingly drastic measures taken by the Radical Government's Grinsmun. Economy Minister.

ment to curb the country's spiralling inflation rate. The Government imposed sweeping price controls on most industrial products soon after taking power in December. But increases of more than 30 per cent in recent weeks in prices of meat and other foodstuffs not subject to these controls, have severely undermined Government targets.

The consumer price index for spiralling inflation down to 2 digit figures by the end of the year.

The consumer price index for spiralling inflation down to 2 digit figures by the end of the year.

trols, have severely underland to the year.

Government targets:

The consumer price index for However, some economists the month of February showed are increase of 17 per cent, meat ban would cause a steep bringing the annual inflation rise of other food prices. as well as undermining breeders'

Dutch takeover threatened

AN OCCUPATION of Wilton- as "completely unacceptable"

rate to almost 436 per cent. well as un. The Government, which had confidence.

BY WALTER ELLIS IN AMSTERDAM

week without meat

BY OUR BUENOS AIRES CORRESPONDENT

BY JIMMY BURNS IN BUENOS AIRES

urfew are Cony Hawkins in Bake Joshua Name in the Joshua Name is a content of withholding to my milked the Metale that of withholding to my make the same in the same in

The 66-verield to der said the committee and 10 starte find the committee are in added to place in rural area on the Fifth Bright in the Fifth Bright in the Fifth Bright in the Fifth Bright. terence to North In-Mr Nkomo said k; sturbed by man k appening in many to appening in many to appening in many attached and—a retonal peated reports of his security form to civilian soppolation resistent reports that food appears that food appears that food appears that appears the strike area. Disease of attrition were rife, min konno. and there were komo, and there was komo, and there was women and children om starvation. To each people look is not their right to be ied.

Government ave admitted that he ave admitted that let urd successive vor a cought in Matabeletal con extremely serious a matter crop, the matter crop, and the od, written of time e area. The curiew ags in overboient campaia is ir diesidenis ufte de Spirer Mr Nkome #1

idebele minority h; preen the ZAPU leads errored and dismost la-idente. describbe eateri allegation le la gent ministers that be stille and stupid." He told the rally to till had no respons t de Gerennment to the ions he made in full ant mouth that six die ad been murderei bi genativ forces, Relie given Covernment 200 intally of three ships shiducted by the link ade, he said. Mr. Niomo's abusines the Government the food situation at perfect by some basics.

ie ine shops and it supplier. Mr S.mbi Munika 2 habur Home Affair E 241 week orderet fott jalies to be seat to be tand and that shops, & under the Curles man be aprined feite a mi

who say that the cubipresented people bus

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Company of the second of the s

vise West

of Gorinchem.

Damen has agreed to the takeover only on the condition that half of Wilton-Fijenoord's the subject of an official parliation for FNV trade union federation has rejected this condition this century.

group that went bankrupt last year following alleged financial manage malpractice by central manage ment. The RSV case in now the subject of an official parliation for FNV trade union federation second such in the Netherlands this century. Proportions of Research
Thanks for Said I feel and
Strill be between all life and
Thomas of the said and life and
Thomas of the said and

. BY OUR FOREIGN STAFF THE SOVIET UNION and China begin a new round of talks in Moscow today. However, serious differences over Afghanistan, Kampuchea and

between the two countries. Peking's special emissary spoke in favour of normalisadeputy Foreign Minister Qian tion of relations with China, but Qichen arrived in Moscow yesterday for what Moscow called a fourth round of political contries.

publicity to the forthcoming talks. Diplomats say this is an removed. Indication that no breakthrough These a

Sino-Soviet talks resume today

troop levels along their common border seem to rule out any dramatic thaw in relations between the true control of the control In a speech on March 2, President Konstantin Cher-nenko, the new Soviet leader, tion of relations with China, but acknowledged the many differ-

The Soviet media reported the time that "no substantive Qian's arrival, but gave little progess" could be made until 'three major obstacles" were

These are a significant reduction of Soviet troops and armaments along the Chinese-Soviet and Mongolian borders, withdrawal of Soviet troops from Afghanistan and a decision by Moscow to drop its support for occupation Vietnam's Kampuchea.

Progress in the last three rounds of talks has been slow. a tourin round of political consultations. Qian was met at the airport by his counterpart Leonid Hyichev, deputy Leonid Hyichev, deputy Foreign Minister, who led the Soviet delegation in the last round of talks which ended on October 29.

Ities.

Chinese deputy prime minister wan Li, who became the improvement in cultural and trade ties. Last month it was announced that trade between the two countries was expected to increase by 60 per cent this year to around \$1.2bn.

Fresh hope for common market in

insurance By John Wyles in Brussels

CHANGE of position by West Germany has given EEC econo mics and finance Ministers the chance today to renew their efforts to create a common market for the supply of nonlife insurance services.

Negotiations have gradually stalled over the past two years because of opposition—particu-larly from Bonn—to the idea of relaxing national restrictions to allow non-life insurance to be sold across EEC frontiers. Now Germany has signalled

recently negotiated a non-aggression ineary with Nozam-bique, another of its black neighbours. The treaty is due to be signed later this week. its belief that acreement could be reached on the basis of a directive tabled in the mid-1970s provided so-called mass risks were excluded from the The main purpose of the conference mooted by Mr Boths yesterday would be to resolve at least some of the issues holding up implementation of a Namibian settlement. These scope of the new rules. resign Minister's statement yesterday gave a further impetus to the negotiations almed at settling the protracted dispute over the territory.

Other participants in a peace conference would be Namibia's internal parties, the Government of Angola and Unita, the resistance movement backed by South Africa in its fight against the Angolan Government. This would mean that any

new liberalised regime would be limited to industrial and commercial risks. Bonn argues that this would be a legitimate and valuable step forward be-cause it is the issues connected with mass risks, such as con-sumer protection, which have been holding up progress for years.

The German position has been clarified in some detail in a paper for today's Minis-terial meeting by Mr Christo-pher Tugendhat, Vice-President of the European Commission.

Today, Ministers are expected to discuss the Commission's request for the formation of a high level group of officials from national capitals which crument yesterday moved affected.

quickly to defuse reports of a Affuent English speaker with Cabinet crisis following the wide experience of dealing with sudden resignation on Friday UK officials as a former UN night of Sr Hugo Gobbi, as key envoy to Cyprus, Sr Gobbi had would be charged with examining the German proposal and deciding whether it should be the basis for negotiation.

West Germany has not been alone in trying to defend its regulatory approach to insur-ance together with the interests of its domestic industry. France's attitudes will now

Beagle channel disputes.

Senator Adolfo Gass, the head of a parliamentary foreign affairs committee, said that Sr responsible for an initial agree-Gobbi's original appointment ment with Chile over the Beagle had been temporary, and that the outgoing junior minister had been offered the post of have resigned after being ambassador to Spain.

Sources close to Sr Gobbi, however, yesterday insisted that the resignation had followed softening its position on the sharp personal differences with be closely watched, particularly since M Jacques Delors, the French Finance Minister, will be presiding over today's meeting. In the past few weeks

France has not appeared anxious to focus discussion on the German idea for a more restricted directive.

Sr Dante Caputo, the Foreign
Minister. Ar the same time argued that the Falklands is too there was a growing feeling that the timing of Sr Gobbi's departure represented a setback for reconciliation between Britain appearance of major com-However, most governments are beginning to feel some pressure to reach a political agreement because of cases which the Commission has taken at the European Court against France and Denmark, These and Argentina. A further round promise with the British ran the of talks between Argentina and risk of aggravating nationalist Chile, the to begin later this opinion. allege breaches of a co-insur-ance directive adopted in 1978. The final judgment, which may come towards the end of the insurance directive unnecessary

France's state groups cut loss

By David Marsh, in Paris

FRANCE'S STATE - OWNED industrial groups reduced their overall losses last year to around FFr 16bn (£1.38bn) from FFr 19bn in 1982 according to a balance sheet drawn up by the Ministry of Industry.

The slightly improved overall performance came in spite of steady deterioration at the two State steel companies Usinor and Sacilor which lost around FFr 10bn last year against FFr 8bn in 1982.

Pointing to a recovery in results in the non-steel sector, where companies have been told by the Government to break even by next year, the Industry Ministry said the nationalised groups had overall made "significant" efforts to better their financial performance.

Thomson and Bull in electro-

nics, Pechiney in metals, and Rhone-Poulenc in chemicals had all shown "positive trends" in 1983. But the ministry described as "worrying" results at Renault, the motor group, where the company has indicated that the FFr 1.28bn deficit in 1982,

AN OCCUPATION of Wilton-Filemoord, the alling Dutch shippard, begun over the weekend by workers protesting against proposed redundancies, threatens to upset a takeover of the yard by the Damen group of Gorinchem.

as "completely unacceptable" and is giving full support to the occupation.

Wilton-Fijemoord, which is based in Schiedam, outside Routerdam, was part of the RSV shipbuilding and engineering group that went bankrupt last vear following alleged formula: may have grown to nearly
FFr 2bn last year.
Rensult, like another problem company, CdF-Chimie in
chemicals, was nutionalised
before the Socialist Government came to power in 1981, while the steel groups were taken into virtual public ownership under the previous government's restructuring measures in 1978. By contrast, the companies newly-nationalised in 1982 have been improving.

Vogel to call for summit during visit to Kremlin

BY OUR BONN CORRESPONDENT

HERR-HANS-JOCHEN Vogel, the superpowers.

His two-day visit to the Soviet Union, at the head of a high-ranking party delegation, is noteworthy on several counts. It comes at a time of an encouraging warmth in relations

between the two Germanics, which Bonn hopes can set an example for those between East and West in general. Herr Vogel will be the first senior western politician to meet Mr Constantine Chernenko, the new Soviet party boss, since the flurry of brief encounters on the occasion of the funeral of Mr Yuri Andropov.

What is more his trip has a district symmetry with that to Washington a week ago by Herr Helmut Kohl. On that occasion, the Chancellor repeatedly called for an early Reagan-Chern-enko summit, even if only little as a signal of both sides' willconcrete results, and for a re-sumption of arms control talks.

embassy move

NEW YORK - Mr George Shultz, U.S. Secretary of State, has

warned Congress that the pas-sage of a Bill to move the U.S. Embassy in Israel from Tel Aviv

to Jerusalem could provoke anti-

American violence in the Islamic

world, the New York Times has

reported.
"We must keep in mind that in

the current environment, a move

of our embassy would certainly

fan Islamic extremism, possibly

inciting a wave of violence

against our citizens, diplomats

and installations," Mr Shultz

The SPD leader, who has lately been bitterly critical of leader of the West German lately been bitterly critical of Social Democrats (SPD), left most other aspects of governyesterday for Moscow where he ment policy here, last night is likely to impress upon the welcomed in a TV interview the Kremlin the desirability of an possibility of a U.S.-Soviet early summit meeting between summit.

He also joined the Chancellor in underlining how, despite initial predictions of a new "ice-age," East-West German ties had weathered the strains of Bonn's go-ahead for new missile deployment in West Germany last autumn.

Further proof of the improved climate, on top of the high level encounters vesterday ween East and West German politicians at the Leipzig fair, will come when Herr Vogel breaks his return journey from Moscow on Wednesday to meet Herr Erich Honecker, the East German leader in Berlin. Herr Honecker has already

given hints to other West German leaders of his own desire for a meeting between Mr Reagan and Mr Chernenko, ingness to improve the East-

terms set for its withdrawal from

the European Economic Communi-

ty over the weekend, ending a two-

year battle for control of its lucra-

The Greenland parliament voted 26 - 2 yesterday to accept the with-

drawal conditions set by communi-

ty foreign ministers in Brussels last

Under the deal, which must still

be ratified by national parliaments,

Greenland will get about \$22m a

year in financial aid in exchange

for guaranteed access to its Arctic

tive fishing waters.

EEC withdrawal terms

Strauss upstages rivals in talks with Honecker

THE INTENSE rivalry between enjoying the spectacle, said they ster of Bayaria, and the West spilled into East Germany

Government by surprise.

Count Otto Lambsdorff, Bonn's Economics Minister, a esser-ranking politician.

East German officials, visibly a boy.

Walesa calls for workers' council

maintaining stric

over-represented in the

Herr Strauss recently took

credit for the flood of East Germans who are being allowed

40,000 East Germans could be

The East German leader

Germany, and acepted an invita-tion to visit there extended by its Prime Minister, Herr

Werner Zeyer. Herr Honecker is expected to visit West Germany

given exit permits this year.

By Christopher Bobinski in

participation

IN A significant policy shift, Mr Lech Walesa, leader of the banned Solidarity independent trade union movement, has urged his supporters to take every opportunity to improve Poland's economic situation and to use existing, officially

sanctioned institutions. The East German leader visited a stand at the Leipzig Fair organised by the Saarland, porters had been that high his birthplace which is in West productivity favoured the auth-orities and should be resisted. while participation in official structures amounted to laboration."

expected to visit
later this year but a date
yet to be set. An advance welcome for the East German
leader was provided at the
stand by a Saar miner's band
and buglers from Voelklingen
where Herr Honecker lived as

spread...

spread...

spread...

for the can
porters to "distinguish control
from those which we can influence" and "concentrate our
attention, imagination and
activities realistically."

He pinpoints workers' cour
factories and the But Mr Walesa's statement

cils in factories and the co-operative movement as two areas in which people should try and implement democratic statutes to wrest some indepen-

dence from the authorities. The emphasis Mr Walesa placed on workers' councils, which on paper have the right to take many management decisions, will boost shop floor activists already trying to exploit the self-management legislation passed in 1981 and still largely intact.

So far, the pragmatic wing of the party leadership has tolerated and indeed encouraged workers' councils in the hope they will improve morale, but it remains to be seen if this trend continues now that Mr Walesa has openly backed it.

8Y LESLIE COLITT IN BERLIN

Herr Franz-Josef Strauss, the were neutrality in the latest wrangle ultra-conservative prime minibetween Herr Strauss and the German coalition government Free Democrats who he believes are over-represent Bonn Government.

Herr Strauss, who was instu-mental in aranging a DM 1bn (£266m) bank loan to East Germany last year after meeting East Germany's leader. Herr out of the country. Nearly 4,000 Erich Honecker, returned have arrived in West Germany yesterday for a second meeting since February 18. Last week he with Herr Honecker after the said that between 30,000 and opening of the Leipzig Trade Fair. The timing of the visit caught the West German

Free Democrat, was scheduled to arive in Leipzig today for a meeting with Herr Honecker. However, when he learned that Herr Strauss was to see Herr Honecker yesterday he asked for and got a meeting just after the Strauss-Honecker talks. Word got out from the Lambsdorff delegation that he was not prepared to be upstaged by a

Shultz warns on Greenland go-ahead for Ethiopia to boycott talks

GREENLAND has approved the waters for community fishermen. ETHIOPIA, which has accused The 50,000 predominantly Eski the U.S. of sending arms to Sumo Greenlanders, who have limited dan, said yesterday it would not attend talks aimed at easing tenautonomy from Denmark, voted to leave the community in February sion with Sudan, which were scheduled to begin in Nairobi to-The windrawal was held up by day, our foreign staff writes. Mr Goshu Wolde, Ethiopia's Foreign Minister, said the Sudan wrangles over the amount of fish which community trawlers should be permitted to catch. It is now ex-

and the U.S. were in "collusion and conspiracy" against Ethiop-

Last week, Mr Jaafar Nimeiri, Sudan's president, said President Reagan had promised to fly arms

WHEN YOU'RE A GENERATION AHEAD, YOU WON'T BE A PRISONER OF YOUR IN-TRAY.

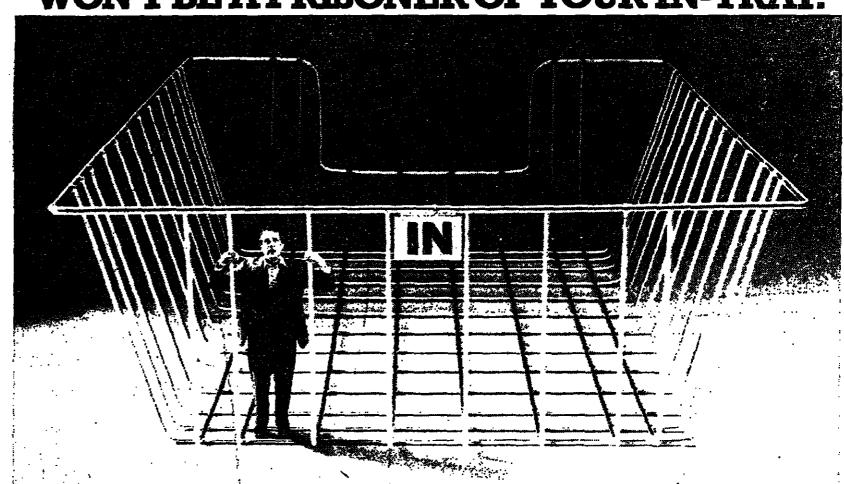
pected to take place early next year.
Although the financial aid is

more than the average which

Greenland received as a member,

there was doubt whether a majority

in parliament would approve the



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W. German politicians flock to Leipzig fair

THE LEIPZIG East-West Trade in Leipzig, along with the mayor Fair opened yesterday with the of West Berlin, the economics Fair opened yesterday with the most powerful West German political presence in the City since the end of World War II.

Herr Franz-Josef Strauss, the Herr Franz-Josef Strauss, the Bavarian leader, descended on Leipzig for talks with Herr Erich Honecker, East Germany's leader, while Count Otto Lambsdorff, West Germany's Economics Minister, was to con-fer today with East Germany's economics chief, Herr Günter

The Prime Ministers of three of the West German states are

its Japanese affiliate Isuzu.

until the end of last year.

new passenger car manufactur-ing plant for which Renault and

chiefs of several states, and members of the economics and inner German relations com-mittees of the Bundesdag and countless West German company chairmen.

The have come to bask in the new warmth of East-West German relations and to drum up business. Some 800 West German companies are at the Fair, out of a total of 9,000. The West Germans, as usual. are the leading foreign exhibi-tors, followed by the Soviet Union.

West German economics officials speak of "guarded optimism" over the prospects for East-West German trade, which last year rose 8 per cent to DM 15.2bn (£4bn). Trade with East Germany, the Soviet Union (up 11.4 per cent to Union (up 11.4 per cent to DM 23.1bn) and China (up 25 per cent to DM 4.7bn) were the bright spots.

East Germany is interested in buying equipment to year—West Germany can sell staying power, however. British modernise its chemicals in only to the extent that East exports to East Germany have dustry, along with licences and know-how. But there are not expected to be any major sales

Germany until the start of the next Five-Year Plan in 1986.

East Germany will rely on West Germany for the bulk of its imports from the West however the west how the west h ever, as its clearing system of trade with West Germany does not involve hard currency. While East Germany has no problem finding products to buy from West Germany—steel was the fastest-growing item last

The Birmingham Chamber of Industry and Trade has organised a collective stand in Leipzig in which high techno-logy British companies are g with licences and Germany sells.

But there are not Thus, West German combe any major sales panies trading with East accord with East Germany welcomed the liberali
stimulate joint trade. continued to drop, despite the

Cairo aims for 'cog role' in world motor industry THIRTY-FIVE centuries

the ancient Egyptians built Charles Richards reports on the all-Egyptian car their empire by exploiting the state-of-the-art spoked wheel chariots of their Hyksos invaders. Their modern day des-Egyptian officials had had re-servations about the original project. They pointed out that because of the underdevelop-ment of existing feeder industry the new projected manufactur-ing plant would mainly assemble. cendants are completing the cycle of development by seeking foreign help to produce the first all-Egyptian motor car. Specifications are being ing plant would mainly assemble at the new factory, by a joint drawn up for the tender documents imported from ments which are expected to be ready for sending out to intervolume of production was too by the factory of the new factory, by a joint wenture company, and a medium sized car of 1.5 litres to be ready for sending out to intervolume of production was too by the factory of the new factory, by a joint wenture company, and a medium sized car of 1.5 litres to be ready for sending out to intervolume of production was too.

Volume of production was too limited to make the project economical.

Then came President Nasco's present range of locally assembled cars—two small: the Seat 127 and the Seat 120 per cent Egyptian the Fiat 131 and the Polish car—and the machinery of Egyptian bureaucracy changed gear again.

The strategy has several aims: meet all but the luxury end of small number of Fiat Ritmo national companies by the limited to make the project middle of this month. They will economical. be given three months to lodge their bids; contracts should be awarded in six months. Up to a dozen companies may be contacted, all of whom sell their products in Egypt, They included Fiat of Italy, Seat of Spain, Renault and Peugeot of

France, Volkswagen of West Germany, Datsun, Mazda and Toyota of Japan, and General meet all but the luxury end of the domestic market to save on imports and to develop a skilled Motors of the U.S., which is building a small van, truck and production base. Joint ventures to replace existing licensing schemes would also bring much bus factory outside Cairo with needed foreign currency and transfers of technology.
At present Nasco's 23,000 cars The all-Egyptian car replaces far more modest plans for a

a year satisfy less than a third of demand of 75,000 cars a year. zeot had been competing Industry estimates expect demand to rise to 108,000 in 1990,

130,000 by 1995 and 140,000 by 2000, taking into account annual growth and replacement. The new project would be for two models only to be produced in Egypt, A small car of 1,000cc,

small number of Fiat Ritmo cars using spare capacity at the Arab-American Vehicles Jeep Mr Helmi Zaki, director of passenger cars at Nasco, says that the aim would be to

increase local content from the current 20 to 22 per cent including body welding, paintwork, upholstery, batteries, tyres, glass and exhaust systems.

and generate foreign exchange because
Up to \$140m investment through exports to pay for controls.

would be needed to raise local content to 70 per cent he says. He would like to see local pro-duction of such items as shock absorbers and wheel rims, as well as the development of existing facilities to produce

petrol engines.

The small car project on the other hand would start from scratch. Mr Adel Gazari, former head of Nasco and now chairman of the Engineering Indusman of the Engineering Industries Association, a public sector holding company, says the aim would be to produce 60,000 units a year rising to 100,000. Investment needed would be between \$300 and \$400m (Industry Ministry officials cite \$360m).

The new venture would not simply be a metter of important the same proper of the same prope simply be a matter of import substitution. Helmi Zaki says that any manufacturer would

tion. Producing volumes greater than local demand would create economies of scale

most important, give Egypt some security of supplies. As with offset production deals in Egypt's arms industry, Egypt would want to provide components for re-export to the

parent company or its affiliates so that the Egyptian product would become a cog—albeit a small one—in a worldwide pro-duction mechanism.

The success of any bid would depend to a large extent on his ability to spawn a large component industry: Adel Gazari, when at the wheel of the Nasco, used to blame low customs duties on imported components for killing any incentive to establish efficient local com-

ponent factories.

To help develop such feeder industries, officials would expect that which ever company is selected for the small car would also be chosen for the medium sized car, to ensure

bave to produce more than commonalty of parts and to 100,000 units of say, a gear box since even 100,000 is not an economical volume of production to ensure that they have a certain measure of control over product pricing, since Nasco suffered a loss last year and generate foreign exchange because of government price

Japan to boost semi conductor investment

TOKYO - Ten Japanese TOKYO — Ten Japanese semi-conductor makers are to spend more than Y500bn (£1,5bn) on new equipment this year to meet fast-growing demand in Japan and abroad.

Demand, especially for inte-grated circuits and micro-chips, has outstripped produc-tion causing a shortage of components for video tape recorders, colour television sets, personal computers and word processors. Manufac-turers have been forced to slow production or delay delivery.

At least two Japanese companies are planning capital spending of Y109bn or more to increase production. Hitachi plans to spend Y110bn on semi-conductors in 1984-85, compared with Y70bn in 1983-1984. It plans to build or expand three wafer-making and assembly plants.

NEC plans to build a new integrated circuit factory in the south of Kynshu Island and to complete construction of another plant in Yama-guchi, west Japan. The com-pany is reported to be plan-ting to raise capital spending ning to raise capital spending to about Y100bn in 1984-85 from Y60bn in 1983-84.

·Both companies are planning sharply to increase their 64K ram chip output capacity so that each will be able to produce 10m chips a month by the end of 1984.

Among other companies, Missubishi Electric is thought to be increasing capital out-lay by about 35 per cent this year from Y35.50n in 1983-84, and Oki Electric is said to be considering boosting its spending to some ¥15bn from Ý10bn last year.

Japanese makers said the shortage of ICS in Japan and the U.S. may continue for

The shortage of integrated circuits in Japan and the U.S. is unlikely to be made up by the end of this year, however, according to Mr Atsuyoshi Ouchi, vice-president of NEC.

"Even though we plan to invest more and expand facilities, our fund raising if limited and if we spend so much money, new facilities cannot work at once and meet immediate needs."

One private Japanese market research institute estimates global demand for semi conductors reached \$17.9bn in calendar 1983 and will rise to \$21.2bn this year. The 1984 estimate is made up of \$12bn in the U.S., up from \$10.1bn in 1983, \$3.4bn in Europe, up from \$2.9bn, and \$5.7bn in Japan, up from

\$4.9bn, it said.

Another private group, the
Nomura Research Institute, ted circuit production would reach \$30.9bn in 1986, aided by technical impovations and product. Output in 1982 was worth \$9.9bu. Of the 1986 total, one third would be made

in the U.S. and a quarter in Japan, it said. Japan's 1983 output was about 30 per cent up on 1982, and Japanese exports of semi conductors rose 47.8 per cent in 1983, the Japan Electronics Industries Association said.

AP-DJ adds from Detroit -Ford Meter and Yamaha of Japan have agreed to study whether to develop engine components together, a Ford

Moscow agrees to joint \$450m Greek alumina plant

BY ANDRIANA IERODIACONOU IN ATHENS

ment on the project was reached by Soviet and Greek delegations in Athens, after a breakthrough on negotiations over the purchase price of the alumina.

Mr Vaitsos said the two sides

agreed on an alumina price of 13 per cent of the Alcan-Canada price for aluminium metal, which currently stands at \$1250 per tonne, for the first three years, and 12.6 per cent of the Alcan price for another seven years. The Greeks had originally demanded 15 per cent of the world price of aluminium.

GREECE and the Soviet Union have agreed to go ahead with a \$450m project for the joint construction of a plant to manufacture alumina for export to the USSR and Bulgaria, using plant.

USSR and Bugan, The plant, with a 700,000 force Mr Costis Vaitsos, the Greek tonne annual capacity, will be plant, with a 200,000 force annual capacity, will employ 709 workers. The Soviet Union has agreed to absorb 400,000 tonnes of alumina per year and Bulgaria 200,000. The plant will process an estimated 15m tonnes of Greek bauxite annually...

Construction, which is expected to employ 2,000 workers and last four to five years, is scheduled to begin in early 1985. The likeliest site is reported to be on the Corinthian coast, in the west Greek province of Boertia.

years. The Greeks had originally demanded 15 per cent of the world price of aluminium originally conceived by a Conmetal.

Officials from the National late 1970s, as part of an effort Investment Bank of Greece to strengthern economic ties which carried out the feasibility study for the project, said the the alumina would be paid for "in hard currency or the power."

SHIPPING REPORT

Tanker rates up again as Gulf war intensifies BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE TANKER market hotted insurance cover to tankers call-

tivity and the level of rate introity and the level of rate inover other Gulf cargoes, but all Gulf rates improved.

Worldscale 40 was paid for a VLCC (very large crude carrier) from Kharg to the Red Sea compared with Worldscale 33 the week before. A part cargo of 190,000 tons was fixed from Lavan Island in Iran to Singapore at Worldscale 48, a

shipping became known, Lloyd's the rising trend could be halted doubled war risk insurance if inquiries suddenly dried up, rates in the northern Gulf area. On the dry cargo market, to 1.5 per cent of vessels value. Denholm Coates said large bulk Galbraith's said captains of carriers continued to benefit tankers recently loaded at Kharg from demand for coal and iron had reported no problems ore Charterers were now pre-during their visits. Iran said last pared to take such vessels for

THE TANKER market hotted up last week, as charter rates in the Gulf rose under the influence of continued hostilities. The sum of hull and cargo. The sum of stoom has been between Iraq and Iran. News of Iraqi damage to several merchant ships bound for Iranian ports—no tankers have been undoubtedly been done to try to hit—added to the tension in the area.

Brokers said the scale of activity and the level of rate in the sum of tankers calling there at only 1 per cent of the value of hull and cargo. The sum of \$100m has been transferred to the state insurance cover to tankers calling there at only 1 per cent of the value of hull and cargo. The sum of \$100m has been transferred to the state insurance cover to tankers calling there at only 1 per cent of the value of hull and cargo. The sum of \$100m has been transferred to the state insurance cover to tankers calling there at only 1 per cent of the value of hull and cargo. The sum of \$100m has been that said. This has undoubtedly been done to try to prove to owners that Kharg Island is certainly not a besieged terminal and that the third that the business as usual sign it is the value of the state insurance company's London bank to finance this, it said. This has undoubtedly been done to try to prove to owners that Kharg Island is certainly not a besieged terminal and that the try to be the state insurance cover to tankers at only 1 per cent of the value of bull and cargo.

VLCC cargo of 250,000 tons, or \$2.5m. This compared with Worldscale 28, equivalent to \$2m, the previous week.

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The rise in VLCC rates and activity benefited smaller ressets of 80-140,000 tons in the Gulf, with further rate improvements seen likely.

But Galbraich's was sceptical Singapore at Worldscale 48, a freight cost of hearly \$1m.

Numerous fixtures were also made to Japan at undisclosed rates. After the Iraqi attacks unshipping became known, Lloyd's the rising trend could be halted to the rates and could be halted.

week it was prepared to provide up to a year.

World Economic Indicators

	TRA	DE STATIS	TICS		
·		- jan. '84	Dec. '83	Nov. '33	jan. '83
U.S. Sbn	Exports	18.33	17.30	17.06	17.23
	Imports	24.59	· 22.98		20.13
	Balance	-8.26	5.68	-6.05	-29
UK 2bn	Exports	5.22	5.80	5.27	
	Imports	5.56	5.44	5.20	4.90
•	Balance	-0.34	0.36		-0.17
France FFrbn	Experts	- 68.87	67.64	67.00	55.80
	Imports	74.34	67.64	À8.59	
-	Balance	-5.47	7.7	-1.59-	-957
		Dec. '83	Nov. 83	Oct. 83	
Japan Sbn	Exports	12.99	13.21	12.93	10.95
	Imports	11.85	17.11	11.24	10.81
	Balance	1.14	2.10	1.69	0.74
W. Germany DMbn	Exports	38.33	37.48	36.68	34.40
•	Imports		34.53	33.25	29.68
	Balance	2.77	2.93	3.43	4.72
		Nov. '83	Oct. '83	Sept. '83	Nov. '82
ltaly Lbn	Exports	10.766	10.353	9.875	9.045
•	Imports	10,488	10,781	11,259	10.252
	Balance	278	428	-1.384	-1,207
Netherlands Fibn	Exports	16.69	16.08	15.78	14.75
	Imports	15.30	15.84	14.55	14.89
	Balance	1.39	0.24	1.23	-0.74
					WIT

components together, a Ford spokesman said. The parts might be used in a future Ford engine. Ford owns 25 per cent of Toyo Kogyo of Japan, the maker of Mazda cars, and already plans to build small cars with Mazda. HOW LONG WILL IT BE BEFORE THERE'S A COMPUTER ON YOUR BOARD?

The ICL Forum on the Commercial Exploitation of Knowledge Engineering. 26/27 March 1984. Kensington Conference Centre, London W8.

Two full days of talks, questions and discussion about how the emergence of "intelligent" computers will affect your company. The Forum will be chaired by Professor Heinz Wolff of

Brunel University, with a comprehensive team of speakers including Professor Randy Davis of MIT.

To reserve your place, telephone ICL Forum bookings on Windsor (07535) 51483. Or telex 847103. The registration fee is £450 + VAT per delegate.

We should be talking to each other.



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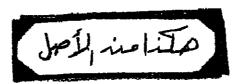
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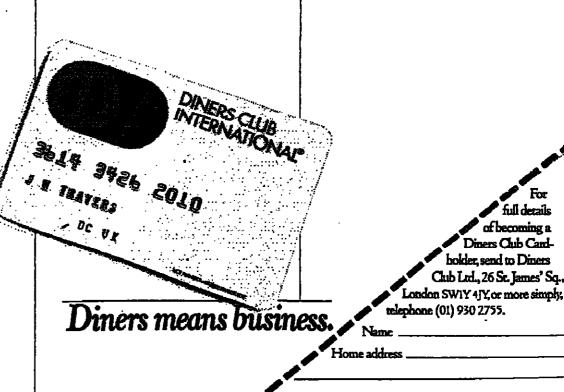
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RESEARCHERS PROPOSE NEW SEMICONDUCTOR HARDWARE

Plan to speed chip production

By PETER MARSH

GOVERNMENT researchers are set to join forces with industry in a drive to produce an advanced form of machine to make chips with electron beams,

The Rutherford Appleton aboratory in Oxfordshire, Laboratory in Oxfordshire, which is run by the Science and Engineering Research Council, plans to team up with engineers from Cambridge Instruments, one of the few British companies that make equipment for semiconductor production.

The two groups want to speed-up by a factor of five the electron-beam hardware that Cambridge Instruments already manufactures. With a stream of electrons, the equipment in-scribes on to a piece of material the pattern of an electronic

Researchers have applied to the Government's Alvey directorate for cash to develop the machinery over three years. The Alvey directorate of the Department of Trade and Industry is allocating £200m. over five years on projects in

Some £200m over five years on projects in information technology

information technology, including chip design and manufac-

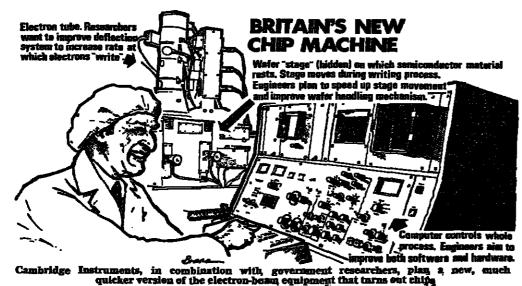
The Rutherford Appleton Laboratory is Britain's most experienced centre in writing patterns for chips with electron

Since 1979 the laboratory has turned out, as a service to universities, masks that contains the patterns for electronic circuits. These lines are trans-ferred to a semiconductor substrate at a later stage of the manufacturing process.

With hardware worth £2m, the laboratory produces some 1,000 masks a year. The masks are used by researchers in 25

very fine meshes of lines, in machinery, which the distance between By speed which the distance between By speeding up current ver-diacent parts of the pattern sions of electron-beam hardis 1 micrometre or less.

current model takes about half Cambridge Instruments think an hour to transfer circuit they will make the equipment patterns onto a silicon wafer that contains several hundred chips. This is about ten times as long as the optical machinery conventionally used in the semiconductor industry.



The radiation must first pass through a mask which contains

conductor a mesh of the conductor a mesh of the conductor a mesh of the conductor are

in some ways simpler because they dispense with the mask. they dispense with the mask. prove the electronics in the Instead, they "write" the machine. The electronics concircuit pattern directly on to the wafer. But the process is electron beam and the moveslow because each line in the ment of a small platform, called pattern must be individually a stage, on which the water sks traced out. traced out.

dom use electron-beam machines to produce chips in large volumes. The process would take too long. Instead, engineers restrict the apparatus to maskmaking.

Alternatively, the electronics industry makes with electron beams small production runs of universities as part of studies in chip design and manufacture.

Electron beams can inscribe using conventional optical

> ware, managers at the Ruther-ford Appleton Laboratory and more attractive to production engineers employed by chip

equipment works the rate at which the electron rather like a spotlight—it floods beam fireks between different also enhanced the software that the whole of the wafer with the parts of the line it is inscribing controls the deflection of the controls the deflection of the

Both the times and the distances in this process are the pattern to be impregnated, microscopic. A beam may sig-in a process similar to screen zag across a semiconductor in printing in the paper industry, bursts of as little as one ten-the mask transfers to the semi-billionth of a second. During this time it may travel a quarter of a micrometre.

Secondly, researchers will imonto it.

Mould design During the time it takes to transfer a pattern onto one wafer, the stage can move up to 10,000 times, each a step of about a millimetre.

Finally, workers plan to modify the existing hardware mechanically, for example by improving the equipment that automatically picks up wafers and slides them into the

As part of their own research ffort, workers at the Rutherford Appleton Laboratory have built their own electron-beam machine, RAL-1. The hardware, developed at a cost of about £1m, has a number of improvements.

For instance, RAL-1 contains a new system for controlling the flow of electrons to a target The researchers plan to in-of silicon. The mechanism was crease speed in three main devised by Cambridge Univer-ways. First, they will quicken sity.

NUCLEAR WASTE DISPOSAL

Boreholes for dumping

BY DAVID FISHLOCK, SCIENCE EDITOR

A RRITISH inventor has responded to the Government's call for more private-sector in-volvement in the disposal of radio-active waste. He wants to use proven oil industry technology to bury the waste per-manently in boreholes two miles deep in the North Sea.

It could emerge as a serious test of the sincerity of nuclear opposition groups in their de-sire to solve the problems of managing radioactive waste safely.

The scheme, on which Mr Aiex Copson, the inventor, has applied for a patent, resembles one which has gained approval in principle in Sweden, for enan principle in Sweden, for encapsulating spent nuclear fuel and burying it permanently in granite (Technology Page, August 18 1983).

Mr Copson first made his name with the oil industry for his invention of a recovery system for helium, used in the gas mixture breathed by deep sea divers. From the London offices of Cluff Oil, he and a businessnan, Lord Newall, are launching a venture caled Ensec Ltd, to rid the nuclear industry of trash no one wants to recycle and the public no longer trusts the nuclear industry to dispose

The Rutherford workers have

Cambridge Instruments

already says it will buy some of

already says it will only some of this software to improve its existing electron-beam hard-ware. The company sells about 10 £600,000 machines a year.

CALMA, the computer-

aided design specialist, is offering a plastics mould de-sign package that reduces mould cost, delivery/produc-tion times and material waste.

The package allows moulded component design to be transferred immediately into mould fabrication via a desk-

sized engineering workstation. Flow and cooling proper-ties of the plastic in use are

taken account of by the soft-ware and some 60 per cent of the cost of mould design and manufacture are sayed by

carrying out the heat transfer analysis before cutting the steel.

Outputs include bill of materials and a complete three-dimensional model of

the mould. More on 0276

Instruments

sells 10 £600,000

machines a year

Cambridge

of safely, Copson says.

Mr Copson's target is the
much more voluminous category of intermediate-level wastes, not the highly radioactive waste handled by Sellafield, Cumbria, but of the kind the nuclear industry is hoping to store in ICI's anhydrite mine at Billingham. The Department of the Environment estimates that Britain will have accumulated about 25,000 cubic metres of such wastes by 1990, compared with 2,000 cubic metres of high-level radioactive

As Mr Copson sees it, the choice of Billingham by Nirex, the Nuclear Industry Radioactive Waste Executive, as a potential permanent repositary such for such wastes is "safe but lieves. politically and environmentally As wrong." Nirex, on the other operations hand, has no brief from the Government to explore for reposi-tories offshore, even in UK waters.

It is Mr Copson's contention that the public has considerable confidence in oil industry technology as demonstrated in the North Sea. He believes that a technology used to tap a patential public that a technology used to tap a patential public to the patential public to potential poliutant at 10,000 Ensec is eyeing a site with libs per square inch pressure "perfect geology" eight miles can be reversed to store radio-



ENSEC Chief executive, Newall,

active waste in sub-sea areas morth of Scotland, just west of the Orkneys. Block 201.

His plan, outlined in British (Sutherland) of the North Sea Patent application 8319247, is has a water depth of about 300 fit and tidal currents believed to use a multi-legged jack-up fit and tidal currents believed to serve as the working platic form for subsequent emplacement of radio-active waste. The hole itself will be lined as it undertake a new nuclear inwould for oil recovery.

The waste will be delivered to Ensec by the nuclear in-dustry as "torpedo-like" canis-ters 15 ft long and about 18 the waste. These canisters will cally be lowered on the end of a sound, drill string to 10,000 feet, and sound, sealed into the bore hole with believe cement, to a level some 500 ft from the seabed. A cement plug will then seel the string canisters into the rock.

Only a seismic catastrophe of an order which would bring many devastating environmen-tal problems could rupture such a repository, Copson be-

As he envisages Ensec, its operations will begin at the dockside, as the diagram shows. The emplacement operation on the platform will be automa to minimise exposure to radia-tion. A dedicated rig designed and approved for nuclear operation, will cost of the order of \$100m, he says. He believes it could drill and fill a score of holes a year.

active waste in sub-sea areas north of Scotland, just west of the Orkneys. Block 201

undertake a new nuclear in-ductry activity. Enter itself will not be a nuclear company, but an offshore industry com-

pany, as he sees it. "I know that this is politically sound, economically sound, and environmentally sound," Mr Copson claims. He believes it will cost about five times as much as Mrex's estimates for disposal in the existing cavity at Billingham. But those estimates are irrelevant, he controls cape to the controls. he contends, since nuclear in-

dustry opposition will prevent the Billingham mine being used to store radio-active waste. Mr Alex Copeon says he has discussed Enser's plan widely-with opponents of nuclear energy, has met their criteria for safer disposal, and has convinced them the problem must be shifted offshore, beyond the ballwick of Nirex, the consortium of nuclear industry in-terests. He is placing a contract for an environmental impact report on the Enser operation with the Political Ecology Research Group (PERG), of Oxford, longstand-

ing critics of nuclear industry



Software

Another 'Star' from Micropro

MICROPRO, the San Rafael, California, software house which developed the werld's most popular intersecupater word processing program, Wordstar, is trying for gold

werestar, is frying for gold a second time around.
Its latest effort, PlanStar, is a financial planning and reporting system for which it claims attributes which take it out of the league of the conventional Visicale-like spreadsheet packages. It claims in fact, "cover and claims, in fact, "power and sophistication previously only available on mainfranc com-puter systems."

pater systems.

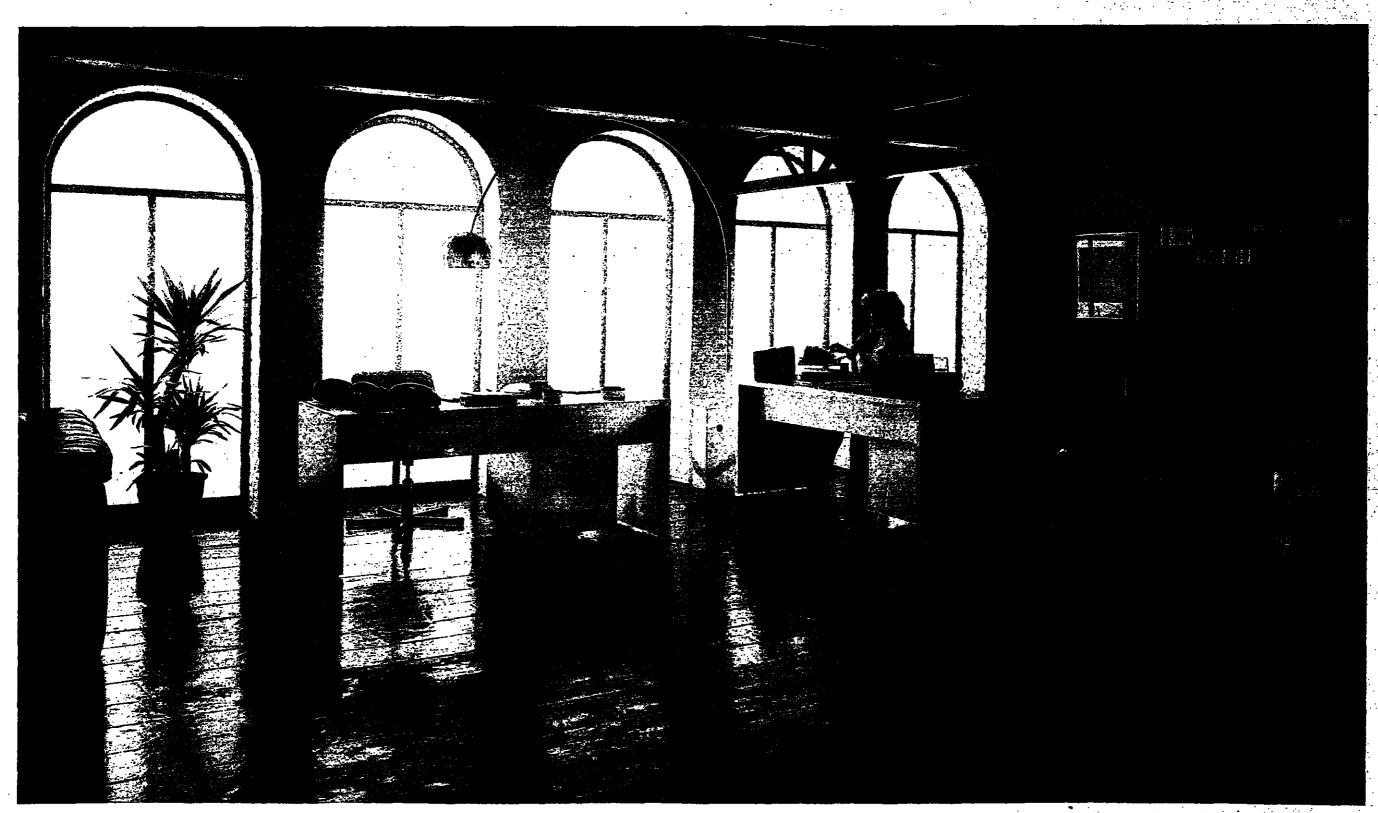
Hieropre is a lew profile but distinctive U.S. micro sett-ware company, which still makes must of its money from Wordstar. (Of its \$50m revenues last year, some 70 per cent came from this source.) It is of similar size and show-

at is of similar size and snowing a similar rate of growth to the Microsoft and Digital Research, two of the best the best known U.S. software houses. Microsoft's success is based on a version of Basic for pricess and the operating system for the IBM PC. Digital's on operating systems for 8 bit and 16 bit machines. Micropre has resolutely remicropro nas resonately re-fused to fellow the crowd in software development. It has avoided "integrated" soft-ware in favour of a meau system or "procedural inte-gration."

"Starburst," which carries out this function, was launched in the U.S. late last

year.
PlanStar, the new package, is designed for use by accountants, managers and others who have outgrown conventional spreadsheets and are looking for powerful modelling and project analysis tnois. It can provide 32,000 spread-

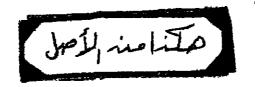
sheet cells and 1,000 sheets for use on any one project. It also provides graphics and printing capabilities. More on Micropry in the UK on



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Microsoff's Box

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Budget likely to promise £3bn tax cuts nother BY MAX WILKINSON, ECONOMICS CORRESPONDENT MR NIGEL LAWSON, the Chancel- to 3 or even 2 per cent by the next

will enable him to make substantial

1985-88 at about £3bn.

cuts will show that name duce allowances for such items constituents continue to fall and mortgage (house purchase) interpublic spending stays at about its public spending stays at about its public spending stays at about its pension contributions which can be pension contributions which can be assurance premiums and pension contributions which can be however, will show that future tax

is a little over 3 per cent with a individual saver. It is widely expect-steady recovery continuing into ed that he will abolish or reduce 1985. The predicted inflation rate stamp duty on share transactions for November is likely to remain at and ease the real burden of capital A Green Paper (discussion docu-

budget's main message. the banks, the Treasury has not thought of a way to prevent them present rate of inflation is still too passing any levy on to their custom-

high at 5 per cent. His medium ers. Any such measure is therefore term strategy for bringing it down likely to be cautious.

lor of the Exchequer, will tomorrow election will take priority.

The strategy will show a steady nomic prespects which he bopes reduction in the public borrowing need over a live-year period. Mr Lawson believes this can only be

tax cuts, starting next year.

In a budget speech directed large by to longer-range strategy, he is likely to show scope for tax cuts in the controlled along the lines sugachieved without damagingly high rax cuts are likely to be predicted in the Green Paper.

Mr Lawson is expected to indicate at least the outline of a longer-range plan for reform of the lowever, will show that features. gested in the Green Paper. range plan for reform of the tax sys-tem. He would like ultimately to re-

present level in real terms.

Por 1984-85, the Chancellor will set against income tax. He thinks it make no net "give away," so his spe-cific tax cuts will have to be matched by revenue-raising mea-would need fewer allowances. sures. His borrowing target is likely to be set at about £7%bn, or perhaps

Another part of his strategy is to to be set at about £7%bn, or perhaps Another part of his strategy is to stitutions like life assurance compa-His growth forecast for this year nies and pension funds towards the

gains and capital transfer taxes. A Green Paper (discussion docu-ment) on the prospects for public spending and borrowing in the next banks. Although Mr Lawson would 10 years will be integrated with the like to squeeze more revenue out of

Tories to face four by-election tests

THE GOVERNMENT now laces four by-elections, the largest number at one time since Mrs Margaret Thatcher came to pow er in 1979. This follows the death of Saturday of Viscount Macmillan, the Conservative MP for Surrey South-West and son of the Earl of Stockton, the former

Viscount Macmillan, aged 63, formerly Mr Maurice Macmillan, was Chief Secretary to the Trea-sury in 1970-72 and Employment Secretary in 1972-73. He died alter a heart operation.

Other by-elections are pending in Carmarthen and Cynon Valley in Wales and at Stafford in the Midlands. They will probably be held in late May or June and come at a time when the Tory party is going through a period of doubt despite its massive parliamentary majority. The by-elections will be seen as an important test of the standing of Mrs Thatcher and of the Govern-

Viscount Macmillan's own constituency is seen as a safe ToNEDC pinpoints weaknesses in the engineering sector

Fears for industry grow

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE ENGINEERING industry is rate goes down with the decline in now an area of Government con- oil production. cern as lears grow over the A major finding of the NEDC strength of Britain's manufacturing study is that while the UK has inbase after North Sea oil production vested heavily in engineering, this

quiry into "the reasons for the ufactured exports. growth in the imbalance of trade in

> In a study of trade patterns and industrial change, Mr John Cassels, the director-general of the National (NEDC), has identified serious and enduring weaknesses in the UK's tures of both types of economy in engineering sector. The study, with trade with the other." papers stressing the shortage of skilled manpower and opportuniists in the monthly NEDC meeting

the industry's weakness threatens long-term growth; leaves it uniquely vulnerable to import penetration; makes it backward in innovation and in privately - financed research and development; and will threaten

of our upgraded first class service

on certain Executive trains. On top of

declines towards the end of the dec- has been concentrated in laboursaving mechanisation rather than The all-party House of Comons in innovation, to the detriment of Committee on Trade and Industry export sales in an industry which begins on Wednesday a special in-An annex to Mr Cassels' study

manufactured goods between the says "it appears that the UK now UK and existing and prospective enjoys an intermediate status bemembers of the EEC." pears very possible that the correct balance may not have been struck between the three." countries (such as the U.S., Japan and Western Europe) and the newly industrialising countries (South Ko rea, Mexico and the larger South American economies) and has feapetitiveness.

Research and development effort is markedly lower in expenditure ties in engineering, was discussed terms than the UK's major competi-by ministers and senior industrial-tors, and much lower in terms of effectiveness - the UK "achieved a significantly lower rate of patents Mr Cassels' analysis shows that per pound of expenditure and per researcher than both West Germany and Japan - though a slightly

higher rate than France."

The study acknowledges that Government encouragement of innovation through Department of the growth of job opportunities in Trade and Industry schemes has manufacturing once the exchange sharply increased since last year -

but says that much more needs to

There may be a case for trying to bring about a different balance between capital investment incen tives and innovation support, and between resources going into consumption as opposed to innovation. Relatively small percentage changes in either consumption spending or capital assistance could have a dramatic effect on the volume of support for innovation; it ap-

Mr Cassels warns that lower la bour costs - a favoured object of Government policy and exhortation are not sufficient to improve com-

"Labour cost increases affect the

relative acceleration or decline of different sectors. If lower labour costs were seen as the only route to generating industrial recovery, then it would continue to keep the UK over-dependent on lower valueadded and more price-sensitiv products." Papers to the NEDC by Mr Norman Tebbit, the Trade and Industry Secretary, and Sir Keith Joseph the Education Secretary stressing the shortage of skilled manpower in engineering, especially its high technology sector.

BA chief attacks the competitor 'vultures'

BY RAYMOND SNODDY

as "vultures" those competitors who are trying to gain control of significant BA routes and services before privatisation under the guise of increasing competition.

Mr Colin Marshall, BA chief executive, said: "Some people seem to think we are about to become easy prey - they are acting like vultures waiting to swoop."

Mr Marshall was commenting on submissions to the Civil Aviation Authority from 135 airlines, travel and consumer groups, over its review of aviation policy and the ef-fect on competition of BA's privati-

Many of the submissions are simply from competitors who would like to have routes or charter flights that BA now operates. In the un-likely case of the submissions being granted, it could mean BA losing up to a third of its international routes.

"We have made it clear that taking away our routes would impede progress towards privatisation, and giving them to other British airlines would neither benefit true competition nor benefit the traveller." Mr Marshall said.

the transfer of £200m of BA's air- problematic tilting coaches.

This is the age of the train

BRITISH AIRWAYS has described craft and international routes to independent airlines to improve competition. The airline believes that if BA were privatised in its present structure the new private company would have too dominant

> Mr Marshall said: "Our success is based on competing successfully with major international airlines from all over the world and we have no intention of becoming the victim

 British Rail wants to build about 25 140-mph electric locomotives at a cost of £30m to £40m as the next stage in its high speed train strate-gy for the 1990s.

The new locomotives, to be known as the Inter-City 225 and intended for use on the key West Coast London-Manchester-Glasgow routes, will use elements of technology developed during the Advanced Passenger Truin (APT) project.

The 160-mph APT, developed over 15 years at a cost of £40m, suffered from acute engineering problems. The new project will use many APT design features, including its traction equipment, but will conventional passenger British Caledonian is asking for coaches, rather than the APT's

Food stores accused of abusing market power

(OFT) has held secret hearings with unfair trading discounts from man-

put pressure on the OFT for a new

abusing their power to seek unfair trading discounts. The commission

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading palgn" by food manufacturers to the big three supermarket chains - investigation.

Asda, J. Sainsbury and Tesco - about allegations that they are commission cleared them in a re-

abusing their market power to seek port published three years ago from The hearings have been part of a preliminary fact finding exercise being carried out by OFT officials to establish whether the Monopolies and Mergers Commission should that any discounts the supermarkets received were being passed on to consumers in lower prices.

Carry out a formal investigation. closely at discounts in the bread, It is understood that the super-frozen foods and tobacco sectors, closely at discounts in the bread, markets are unhappy about what where allegations of excessive re-they see as an orchestrated cam- tailer power are most often made.

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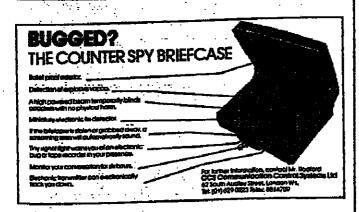
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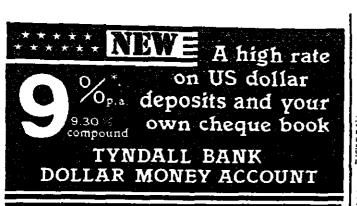
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Big clearing banks stake out major role in new-look exchange, writes Barry Riley

Barclays plans its strategy

ly absorb, Wedd, Durlacher, means that a key piece of the new City of London jigsaw puzzle has now been

put into place. Wedd's skills in the market - it is one of the two top jobbing firms, with Akroyd & Smithers - will carry a high value in the new structure of the London securities mar-

Akroyd was snapped up last au-tumn by S.G. Warburg, the merchant bank, and the destination of Wedd, Durlacher has been the subject of considerable speculation in recent months.

other projected deals emerged yesterday: the parallel Barclays takeover plan for brokers de Zoete & Bevan, and a scheme for brokers W. Greenwell to link with the Midland Bank's merchant banking subsidiary, Samuel Montagu. National Westminster Bank already has a stake in a smaller, but still substantial firm of jobbers, Bis-

This series of deals shows that the big clearing banks are deter-mined to play a leading role in the future development of the London Stock Exchange, and is in sharp contrast to the relative caution shown by many of the leading merchant banks

Leading accepting houses such as Kleinwort Benson, Morgan Grenfell and Schroders have so far kept out of the race to bid for London firms of brokers and jobbers.

The latest round of deals, which emerged over the weekend, come within a few days of a key policy statement from Mr Robin Leigh-Pemberton, governor of the Bank of

In International Banking

the A comes first

Last Tuesday he gave the bank's

would act both as brokers and jobbers. Stock exchange rules at present still enforce a rigid separation of these activities.

Mr Leigh-Pemberton argued that "early and substantial change is now unavoidable" to prevent London from losing out in world mar-

British-owned securities trading securities house.

two stock exchange committees on market structure.

The Barclays proposals are clearly against the spirit of the existing rule book, but equally clearly are whole-heartedly endorsed by the Bank of England. A Barclays-Wedd-De Zoete combination would contain most if not all of the compo-He encouraged the creation of nents of a ready-made integrated

As the London Stock Exchange looks set to introduce a new trading system, Britain's big clearing banks continue to link with top jobbing and stockbroking firms in an effort to counter the threat posed by American and Japanese securities houses.

hing firm, Weid, Duriacher and the stockbrokers, de Zoete & Bevan. Although the bunk's proposals are clearly against the spirit of the exchange's existing rule book, they are whole-heartedly endorsed by the Bank of England.

ps to counter the threat posed by the huge American and Japawhich have more capital at their disposal than all the London stock market firms put together. But at the same time, he accepted that foreigners would have an important place in the revamped London mar-

In calling for the introduction "in m, and for the stock exchange to open up its membership to out-siders, he foreshadowed radical re-in London, Mr John Barks forms in the stock exchange rule book. This would imply, in particular, the removal of the 29.9 per cent ceiling at present imposed on single outside holdings in member firms, and the ending of the ban on brok-

ing and jobbing under one roof.

On the American pattern, such a house would be able to make markets in securities, distribute them to investment clients, manage third-party portfolios, produce insues and provide financial advice to

A large international house would be capable of covering foreign as well as domestic markets, fairly short order" of a new trading straddling everything from shortterm money market instruments to In London, Mr John Barkshire's mercantile house holdings has al-

edy declared its intention to build UK operation to match Oppenheimer, its U.S. securities house. It is buying Alexanders, the discount house, which it hopes will expand from the money market in-

These questions will be aired in to gilt-edged operations, and also is discussion papers to be produced by seeking to purchase a London

Another prominent contender is Mr Jacob Rothschild's Charternse J. Rothschild, which has important New York interests as well as merchant banking and stockbro king operations in London. It was formed at the end of last year to en-able a merger of the Charterhouse

At about the same time, the other London Rothschild enterprise, mer chant bankers N. M. Rothschild, concluded a deal with jobbers Smith Bros, aimed particularly at

the gold share market.

But the only embryo securities house of any size to have sprung from within the merchant bar community is the grouping of S.G. Warburg with Akroyd, which has in turn moved to establish a joint dealing operation in international secuwith brokers Rowe and Pit

But Rowe and Pitman's direct financial link is with Charter Consol idated - which has bought the stan-dard 29.9 per cent stake - rather than with Warburg, which denies that it is acting in concert with Charter. It is not at all clear at this stage how cohesive the Warburg Akroyd-Bowe and Pitman grouping

Lack of financial muscle is one of the reasons for the slowness of the 1985 at the earliest and tax relief for venture capital: other big merchant banks. They have been rejuctant to be rushed in to paying for stock market firms at the top of a bull market, at a time when the future framework is not at all clear. The risk for these banks would be high, given their limited not too great for the big clearing

Falklands trusteeship proposed

By Robert Grahem

RRITAIN should consider a trustee ship arrangement for the future of the Falkland Islands, according to the Bow Group of the Conservative

on the basis of both Britain and Argentina renouncing their sover eignty to the islands. There would be seven trustees, one each nomi-nated by Britain, Argentina and the islanders, and the rest appointed by

In its paper, the Bow Group says that Britain's main objective "must be to find a modus vivendi without loss of face, or of vital interests on either side; to provide a mechanism for the orderly resolution of future disputes concerning the is possible, the strategic and economic interests of the West."

A lease-back arranger subjecting the islanders to total political and cultural control by Argentina on a fixed date in the future. Notwithstanding President Raul Alfonsin's offer to give the islanders a special position guaranteed by statute, this would "probably be unacceptable to the British parliament," because of doubts about Argentina's political stability.

The Bow Group says only its trusteeship plan has a chance of realistically solving the sovereignty question and although, it requires function and although, it requires Argentina to forego sovereignty claims "this need not be insuper-able since abandonment (of sovereignty) would have to be mutual." Future development of the islands' resources would be on a joint co-operative basis between Britain and Argentina.

Sunday shop laws 'should be repealed'

By David Churchilli

STRONG SUPPORT for changing the law to permit more shops to trade on Sunday is made today by the authoritative Institute of Economic Affairs in its evidence to a Home Office inquiry into the present legislation.

The institute, in a paper writter

by Lord Harris, its director, and Mr Arthur Seldon, criticises trade unions and shopkeepers who want to restrict Sunday trading. The institute argues that the repeal of the present restrictive legislation would "raise the commercial efficiency of the retailing sector and enlarge consumer choice."

The authors call on the Home Of-

fice committee - which is expected to report in the early autumn - to "recommend the simple repeal of outdated restrictive statutes that are chiefly upheld by interest groups, none of which can seriously claim to speak for more than a small minority of producer interests, whether employers or employers of employers.

They warn the committee to be wary of the "familiar imbalance between the vociferous, concentrated pressure of sectional interest groups and the muted, dispe view of the general consumer interest."

Business expansion scheme encourages investment funds

A FURTHER space of funds investing in unquoted British companies come.

Several individual companies

Investment management companies are encouraged by the substan-tial sums raised from private investors under the Government's Busithis financial year - most estimates the 20 to 25 stockbrokers, merchant put the figure at well over £40m. They are hoping to build on this which have raised money under the success in 1984-85 by launching fur.

BES in 1983-84 will launch new vertices finded.

example, is far advanced with plans month or in May. Capital Ventures. of Cheltenham has beaten its rivals by announcing last week that applications are already being accepted: for its second Cave fund.

The appeal of Cave and the forthcoming Charterhouse business ex-pansion fund lies in the Business xpansion Scheme, which enables individuals to obtain full tax relief on the cost of new equity commitments to a wide range of unquoted

Investors, however, should not be

have recently announced share is sues aimed at individuals still seeking a tax shelter for earnings in this

ever, is still being considered to many of them. Managers will have example, is far advanced with plans to weigh the inevitably heightened to raise 17.5m either late next to weigh the inevitably heightened month or in May Caratal Ventures. interest in BES funds class to the end of a financial year against the undoubted advantage of having time to seek suitable and profitable

> The first Charterhouse expansion fund was one of the most popular. It was closed last in ifter being well oversidectibed. Charterhouse expects that many individuals unable to invest in the first fund will be interested in the

Mr Dennis Fredionn, Capital confused by the April 5 closing date Venture's managing director, said given by Cave. The proceeds will last week that there appeared to be not be fully invested until April 5 no shortage of companies looking

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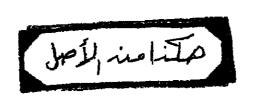
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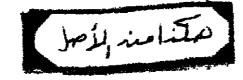
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low often do The Economist's predictions come true?

We're not really in the predictions business.

Even in 1851, when we infuriated our British readers by forecasting the industrial superiority of the United States, we didn't regard it as crystal-ball journalism.

The truth is, we've always found it difficult to write an article of consequence without looking at the consequences of certain actions.

On a number of occasions this fearlessness has made The Economist seem something of a prophet.

(Occasionally, it's made us seem merely foolish.)

We were among the first to foresee the plight of the Jews under Hitler.

Nearer to present times, in the early 1950s, we warned Western businessmen to watch out for Japan. (Earlier, we'd told America to watch out for Pearl Harbour.)

In 1974, in the middle of the oil crisis, we forecast an energy glut by the end of the decade, much to the fury of Shell and the other oil companies.

And in 1982, we asked in a headline "Has young

Lochinvar come out of the West?"

We were writing about Gary Hart, then an unknown Senator from Colorado.

Of course, sometimes we've got it wrong (sorry about Korea) and doubtless we'll err again.

The occasional misjudgment, it seems to us, is better than no judgments at all.

The Economist doesn't sit on the fence. It's opinionated, independent, even quirky.

If you've never tried it we can safely predict you'll be surprised by its style and its scope.

It believes in good writing and it puts its stories across with gusto and glee.

It may give you a head start; it won't give you a headache.

Finally, we feel we should comment on the question posed by our photograph. Will there be a black Pope?

After some consultation, we've decided that this issue is best left to an even Higher Economist Authority than The Economist.

Renault chief predicts record UK car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

Property tax to rise 5%

THE AVERAGE rise in English expected inflation rate for the year.

domestic rate.

real spending levels."

Sounds surprising?

Please judge us on the facts.

UK car market will reach a record 1.8m vehicles in 1984 has been made by Mr Patrick Faure, manag-ing director of Renault's British

Mr Faure is out of step with the rest of the industry, which expects car sales to fall back from last year's peak of 1.79m. The Society of Motor Manufacturers and Traders, which represents all the large companies in the industry, is keeping to its forecast that this year's registra-tions will be only 1.75m.

Mr faure claims, however, that he was one of the very lew people in the UK industry to have forecast last year's record sales.

He pointed out that, given the size of population and the underlying demand for new cars. Britain should have a 2m a year car market. He said that in 1984 the UK economy was picking up and inflation and interest rates were coming

rates (property taxes) on business

and commercial premises will be 5.1

per cent this year, according to an

analysis by the Chartered Institute

of Public Finance and Accountancy

mestic ratepayers will be about 5.7

The increases are the lowest

since local government was reorga-

between rate rises in different local

authority areas, some being more

than 15 per cent, or three times the

nised in 1974.

(CIPFA). The average rise for do-

A CONFIDENT prediction that the down, which all indicated another

The statistics so far support Mr Faure's prediction. New car sales by the end of February were a record and 5.7 per cent higher than in the same period of 1983.

Mr Faure confirmed that Renault

expects to sell about 76,000 vehicles Britain this year, including 68,000 cars. This would take its car market share up to about 4 per cent compared with 3.51 per cent (62,923 units) last year.

Renault's market share would be 5 per cent in 1988, Mr Faure said, because by then the complete car range would have been replaced including the best-selling R5 and the medium-sized R18. No model would be more than three years old Mr Faure reported that the num-ber of Renault dealers in Britain had been reduced from 540 to 350. He believed that the right level for the network was about 380 to 400.

Inner London ratepayers again

face the largest increases - 7.5 per

cent more for the average domestic

rate and 6.6 per cent for the non-

The changes mean that the aver

age English domestic rate bill is likely to rise to about £320 in

1984-85, an increase of about 34p a

CIPFA says its analysis shows

"Government pressure is having an effect and local authorities have

made significant reductions in their

Hoverspeed may seek boost through £30m craft purchase BY ANDREW FISHER, SHIPPING CORRESPONDENT

HOVERSPEED, the cross-Channel keting and reservation operations the joint owners, BR and Brostroms hoperarif operator recently had been strengthened, and Hover- of Sweden. Mr John Cumberland hovercraft operator recently acquired by its top management, is considering the acquisition of two

The company aims to increase capacity without adding to fuel costs and is talking to British Hovercraft Corporation, part of the Westland

group, about possible orders for jet-engined craft in the next two years. Hoverspeed has lost heavily in the past two years, but according to Mr Gerry Draper, the new deputy chairman and acting managing director, last year's net loss of about £3m was well down on the 1982 figure of £7m.

In the financial year to October 1984 the company expects to "make a small profit." Mr Draper said mar-

BY OUR SHIPPING CORRESPONDENT

companies would have to increase

passenger fares by at least 15 per

speed hoped to improve on last year's passenger total of around new large craft at a total cost of

Mr Draper, a former British Airways marketing director, said each new £15m Hovercraft would be able to carry 650 passengers compared with 450 on the two largest of its ment in financial performance, was present fleet of six. Car capacity would also be higher.

"We aim to create new traffic and allow the remaining operators to improve profits substantially. increase our share of the market," he said. Hoverspeed was formed in 1981 from the merger of British Rail's Seaspeed and the Swedish-

Ownership was transferred last and operating approach, adding nonth to a group of directors and that there has been a total change month to a group of directors and

Duty-free sales peg ferry fares

Counting the cost of expatriate life in Asia

A BRITISH company considering installing an expairiate manager in Tokyo must expect to spend £161,000 in the first year on the manager's salary, car, accommoda tion and allowances.

The cost of furnishing Tokyo of fices for two executives and one secretary – a total of 100 square me res - could come to £13,790, according to a Confederation of British Industry (CBI) review of Asian living costs for British expatriates.

A British company wanting to go to the cheaper end of the Asian cos of living scale for expatriates would find Sri Lanka attractive where an estimated £11,000 will es tablish a manager and include sal-ary, car, accommodation and allow-

The CBI booklet demonstrates how living, office and entertainment costs vary widely in Far East ern countries and it provides basic costines for companies wanting to set up industrial or sales opera-

of Korea - £64,000 to £83,000; Taiwan - £58,091 per annum; Singa-pore - £62,112; and the Philippines -

The food costs for an expatriate family of four must also be calculat ed by any company and they vary widely throughout the Far East. In Tokyo the average weekly food bill totals £192, compared with: £48 in Bangladesh; £40 to £44 in Hong Kong, £65 in India; £102 in Indonesia; £256 in the Republic of Korea; nearly £58 in Malaysia; £63 in Paistan; £86 in the Philippines; £78 in Singapore; and £82 in Sri Lanka.

Eating out costs for expatriate also vary considerably throughout the Far East. In Tokyo, an evening meal for four in a fashionable res taurant - three courses with aperitif and wine - costs £247. This compares with £40 in Pakistan, £49 in New Delhi and £81 in Hong Kong. "Asian Living Costs 1984", CBI Publication Sales, Centre Point, 103 New Oxford Street, London, WC1, £18.

...

Collector's item

This little beauty (circa 1980s) is what we at Dr Barnardo's

You may have some in your artic (or even in your pocket). They're worth more than you think, especially to the 9,000 plus handicapped and deserving children we help every year Add to our collection, please. Even if they're not in mint condition, we'll soon have them in working order. Our house to house collection takes place between 5th-17th

If however you don't receive an envelope but still want to

Nicholas Lowe, Appeals Director, Dr Barnardo's Tanners Lane, Barkingside Ilford-Essez IG6 IQG. Please accept my donation of

You can make your donation by relephone if you have an Access or Barclaycard. Just ring Teledata on 01-200 0200, quoting your card number and Barnardo's Room No 296.

cent without earnings from dutyfree liquor and cigarette sales, according to an industry review. 1982) for European Ferries, £4.5m last year had 35 per cent of passen-Between the Japanese and Sri (1982 loss of £6.4m) for Sealink, in-Stockbrokers Phillips and Drew ger volume through Britain's main Lankan extremes in costs there is: Pakistan - £27,000 to £30,000; Macross-Channel port of Dover, against 34 per cent for Sealink (inhave estimated that ferry operators cluding its harbours profits and E2m (nil in 1982) for P & O. laysia - £33,946 to £141,443 per ancluding its continental partners) This year Sealink could double num; Indonesia – £75,549; Republic profits to £9m through further and 16 per cent for P & O. The rest

make profits of more that £30m a year from sales of duty-free goods. Without duty-free profits, we believe that ferry operators, with the possible exception of European Fer-ries, would be loss-making," said Mr Richard Hannah and Mr Chris Burbridge, analysts who produced the Phillips and Drew review of the

Three years ago the ferry companies were floundering. A fierce price war had taken its toll of profits and 1981 proved to be a disastrous year financially for European Ferries (owner of Townsend Thoresen), Sealink, and P & O Ferries. sale price, but said the £26m of loan in efficiency in the last four years,

BRITAIN'S cross-Channel ferry that 1983 profits, still to be reported. will show a pre-tax total of \$21.5m for the three companies on ferry op-erations - £15m (£12.8m profit in

> gains in traffic and efficiency. The company, owned by British Rail, is due to be privatised this year. Trafalgar House, P & O, and Sea Containers, as well as a consortium formed by merchant bank Charter-house Japhet and including National Freight Consortium, have all ex-

Sealink's price could be £70m or more, depending on what happens to its £154m debt (1982 figure). The analysts did not calculate a likely

Phillips and Drew have estimated stock and the sum due to parent BR (£52m in 1982) would probably be written off before the sale.

resigned as chief executive late last

year and Mr Draper entered as act-

The possibility that Hoverspee

would pull out of the cross Channel

market in the next few years, if

there was no dramatic improve-

raised by stockbrokers Phillips and

The stockbrokers said this could

Mr Draper said the conclusion

about Hoverspeed had been made

on the basis of its past management

Drew in a review of the sector.

ing managing director.

The Phillips and Drew study reckoned that European Ferries was mostly accounted for by Hoverspeed, the bovercraft operator.

European Ferries was even further ahead in terms of vehicles and freight volume. Since 1978, said the stockbrokers, the cost in real terms
- after adjusting for inflation - of crossing the Channel had risen by 20 per cent for peak holiday months and fallen by 35 per cent for the off-

Sealink and P &O have shown the greatest rates of improvement

A Guide to **Financial Times Statistics**

New 1984

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CIM 55A. Tel: 01-251 9321.



WNorthern Ireland's skills and dependability are vital ingredients for our competitive edge."

Norman Mischler, Chairman, Hoechst U.K.

On the banks of a German river, over 100 years ago, four enterprising young men started a business. Beside the river Main they founded a small dyestuffs factory which has now grown into one of the world's leading chemical companies. That company's name is Hoechst.

Today Hoechst markets a huge range of products including dyestuffs, pharmaceuticals, plastics and veterinary products. But perhaps one of its best known names is Trevira. Trevira polyester fibre and yarns are well known for their uses in clothing, home textiles and industrial textiles. Trevira yarn and technical monofilament yarns are produced in Northern Ireland, where Hoechst relies upon the skill and efficiency of its workforce to maintain competitiveness in today's man-made

Fact 2

Luckily, the good news about Northern Ireland's high productivity travels almost as fast among some industrialists as bad news does in the media, which perhaps explains why unnoticed in Northern Ireland in the last 10 years. European companies, like Hoechst, STC and Philips, have joined many successful American companies, including Du Pont and General Motors, in judging Northern Ireland on its merits. They are delighted with the results.

Fact 3

Sailing, Belfast Lough

A technically gifted workforce and a unique relationship between unions and management results in consistently good industrial relations and productivity. For example, in 1982, an average of less than one hour per man per year was lost due to industrial disputes of any kind.

We have an efficient infrastructure; our ports, airports, roads, telephone and telex are geared to modern business needs. Their consistent reliability makes first class delivery performance possible for every company operating in Northern Ireland.

Fact 5

For a company looking to both short-term and long-term profits, our financial package is irresistible. Your fixed capital costs can be reduced by up to 90% and many companies pay no Coporation Tax.

Fact 6

Sailing in Northern Ireland's coastal waters is only one of many leisure activities enjoyed by foreign executives and their families. In fact sailing is an extremely competitive sport in Northern Ireland with regular racing and even flotilla cruising to nearby Scotland, Isle of Man, England and Wales. Often executives and their families like the lifestyle so much that they are reluctant to return home even to accept

Fact 7

Our researchers tell us you may not believe these facts at first! So why not accept this challenge from companies which have already committed themselves to investment in Northern Ireland – "Visit us and we'll show you the facts". To arrange a visit to a successful company in Northern Ireland call or write to John Hughes at the address below.

Northern Ireland Judge us on the facts

Industrial Development Board for Northern Ireland · Ulster Office · 11 Berkeley Street · London · W1X 6BU · Telephone (01) 493 0601 · Telex 21839



For the next three years

Forward Trust, part of the Midland Bank Group, has long experience in looking after deposits from expatriate investors. We currently have account holders in 97 countries.

Our 3 year Fixed Term, Fixed Rate Sterling account has always offered depositors complete protection against further falls in UK interest rates. Now it offers guaranteed growth

Guaranteed Growth. When you choose to have the interest added to your account, we guarantee a fixed rate of 10.75% p.a. over the entire 3 year period. As interest is compounded twice yearly this gives an annual effective rate of 11.04%—and a total growth at the end of 3 years Or Guaranteed Income. Alternatively,

you can opt for interest to be paid directly to you on a monthly basis-at a guaranteed rate of

10.50% p.a. for the next three years. If you choos to receive interest twice yearly your guaranteed rate will be 10.75%. Either way, over the next three years you will receive a regular predictable income without deduction of tax.

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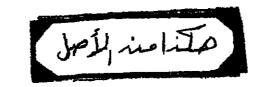
So if you are looking for a safe secure investment with either guaranteed growth or guaranteed income, start straight away by sending your cheque with the coupon below. If you wish to invest for some other period

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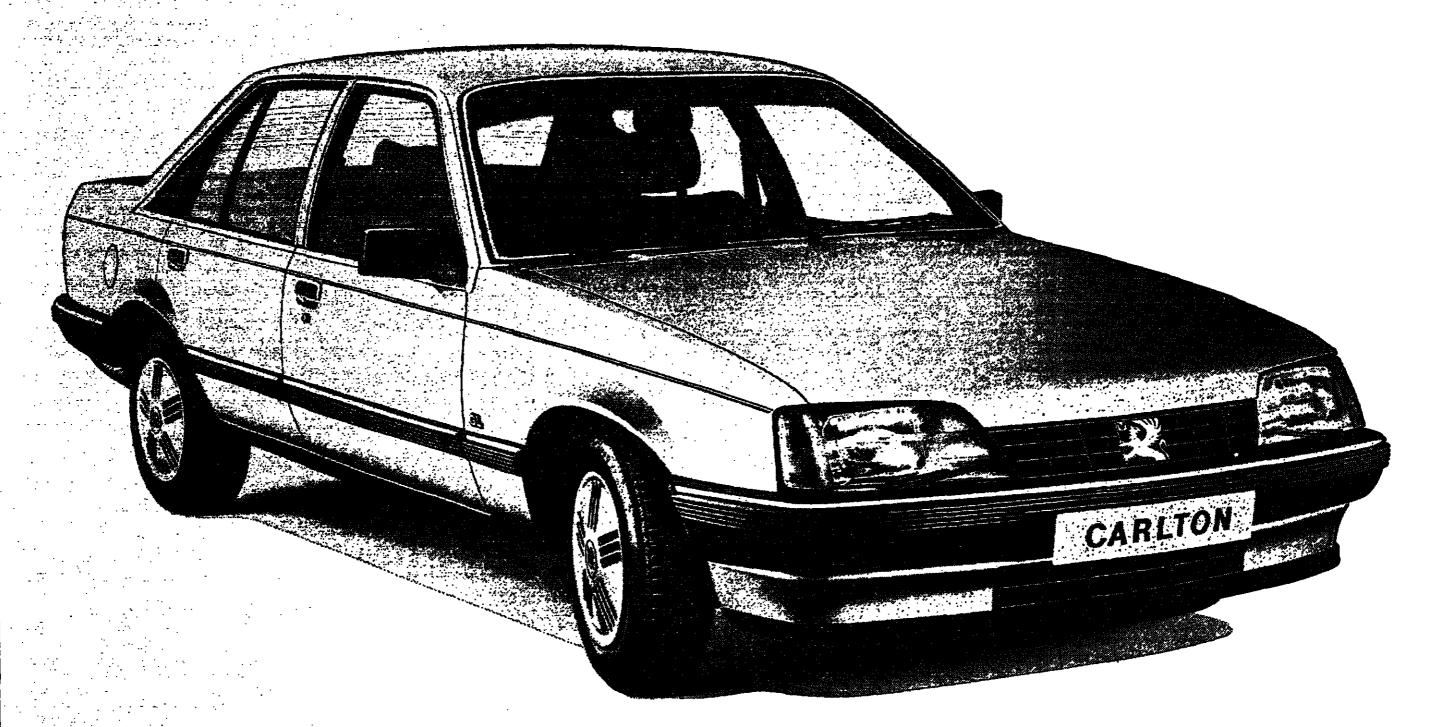
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Times

FENANCIAL TOPS



THE CARLTON 1-8 LITRE. BIG ON THE ROAD, SMALL ON YOUR TAX RETURN.

Our good friends at the Inland Revenue feel that there's a world of difference between the Vauxhall Carlton 1800 and any 2 litre you may care to name.

They place them in different personal car tax brackets.

Most generous, when you consider the way in which the Carlton 1800 resembles a 2 litre.

Its cross flow alloy head engine propels the car to 107 mph. Mind you, its decibel figures are decidedly low.

Being finely tuned for Low End Torque, its higher gearing makes for quieter driving.

And more insulation has been sandwiched between the engine and passenger compartments for a quiet life inside.

Stand outside the Carlton GL and you will admire aerodynamic bodywork with bronze tinted windows and headlamp wash/wipe.

Ease yourself into the velour seats and you'll find electrically heated and operated door mirrors, central door locking and a radio/stereo cassette. Plus ample room to stretch your arms and legs.

11

What's more the driver's seat has recline and height adjustments and the steering wheel can be tilted to suit a variety of driving positions.

But unlike a 2 litre the Carlton 1800 will return 47.9 mpg at a constant 56 mph. At 75 mph it does 35.8 mpg.

The Carlton also spoils you when it comes to choice, with four engine options, three trim levels and two bodystyles.

And the range starts from £7374. A figure that includes VAT and car tax.

Sadly, that's something we can't help you avoid.



VAUXHALL CARLTON.
Better. By Design.

PRICE CORRECT AT TIME OF GOING TO PRESS, INCLUDING CAR TAX AND VAT. DELIVERY AND NUMBER PLATES. MANUFACTURER'S PERFORMANCE FIGURES AND DOT FUEL CONSUMPTION TESTS MPG (LITRES/100KM)
FOR 1800 SALOON (5-SPEED MANUAL): URBAN 26.4 (10.7); CONSTANT 56 MPH 47.9 (5.9); CONSTANT 75 MPH 35.8 (7.9).

£5m batch for Bowey

A. Monk & Company, p.l.c., P.O. Box 43, orthogon, Cheshare WA1 478, Tel: 0925-87

BOWEY CONSTRUCTION, New-castle, has won contracts totalling over £5m. The biggest, for just under £1.25m is the fourth phase of modernisation of three-storey housing in Longbenton for North Tyneside Borough Council; followed by a fim revitalisation of 91 homes in Widdrington, Northumberland for Castle Morpeth Borough Council. In another project in Howdon for North Tyneside, the company is building 26 homes for 4476,000. There is a £500,000 scheme of 28 flats at Ravenslaw, Alnwick and a £480,000 contract for 29 2-bed homes at Wallsend. Work is to start soon on a £366,000 block of 18 flats in Hawthorn Terrace, Elswick and on the contract. of modernisation of three-storey housing in Longbenton for North Tyneside Borough Council; folblock of 18 flats in Hawkington
Terrace, Elswick and on the conversion of the Abbeysield
Society's Ravenslaw House in
Alnwick to grovide 11 flats for the elderly.

**REES HOUGH (CIVIL ENGINEERING) has been awarded
the elderly.

**The awards include

Work has started on the construction of McCARTHY & over £3m. The awards include two sewerage contracts together stones. Homeshore House, a £1.75m warden-assisted sheltered homes scheme in Sutton Road, beaford. The project is due for completion in December.

F. J. G. LILLEY group has been awarded contracts totalling jack. In Colchester 500 metres for the U.S., made up as follows: Eden Construction—New gate-house complex at HM Prison, Durham, for Home Office, value 53m; and resurfacing at Kemplay roundabout for Cumbria County Council, value £100,000. Melville Dundas and Whitson—construction of blocks 1 and 2 at Righead Industrial Estate, Bellshill, for Scottish Development Agency, value £600,000; undermisation of Union Street offices at Glasgow Central Station for British Rail Board, value £925,000; and grain processing

£22m work for Lilley Group

CONTRUCTION CONTRACTS

for for strian Rail Board, value f925,000; and grain processing complex at Leith for I. M. Cowie and Co, value £180,000. John Lawlor—day nursery at Broom Avenue, Manchester, for City of Manchester, value £300,000. Lilley Construction—Stringhum distri-

worth £629,000 on behalf of the City of Sheffield is for the refurbishment of a Victorian three-storey tenement block of 54 fiats known as Hawley Street, Phase I, Townhead Street, Also for the City of Sheffield at Parsons Cross, Lindsay, Phase I improvements and repairs costing £616,000, will involve structural and non-structural repairs, re-modelling and refurbishment to 211 houses, mainly with the tenant in occupation. In Edgware, a listed building, and

Eastleigh, for the Southern Water Authority.

**

GLEESON (SHEFFIELD), a subsidiary of M.J. Gleeson Group has been awarded three refurbishment projects worth over £2.4m. In Sheffield a contract worth £629,000 on behalf of the City of Sheffield is for the re-

with the tenant in occupation. In Edgware, a listed building, and Manchester at Bollington Road, build an L-shaped four-storey work worth £1.2m for Man-block of 2,300 sq metres.

HO for Volvo BM

An artist's impression of the new headquarters to be built for Volvo BM UK. A contract worth over £3m has been

for Volvo BM UK. A contract worth over 23m has been awarded to RATTEE AND KETT, part of the Mowlem construction group. Volvo BM is the Volvo group's construction equipment division, and the UK headquarters will be sited at Duxford, near Cambridge, near the A505 and M11, providing access to other major routes. The steel-framed structure will consist of a two-storey brick-clad administration building of 2,000 sq metres, connected to a 4,000 sq metres metal-clad operations and ancillary works complex. The contract, which has just started, includes 14,000 sq metres of hard-standing and service area together with landscaping of the nine-acre site. This project is being financed by using a tax-efficient package introduced to Volvo BM by Mowlem Property Developments

Southern Electricity chairman named

Mr Duncan Ross, chairman of the South Wales Electricity Board, has been appointed chair-man of the SOUTHERN ELECman of the SOUTHERN ELEX-TRICITY BOARD. He takes up his appointment on April 1, following the retirement of Mr John Wedgwood.

APPOINTMENTS

WAVERLEY ASSET MAN-AGEMENT has appointed Mr Willie McLucas as managing director. He will be responsible for investment manage Waverley's new Gold Fund

Mr George Rutherford has been made a director of WOOD-COTE PUBLICATIONS, the W. S. Atkins Group's commercial litho printing company based at Woodcote Side, Epsom.

Mr Graham J. Wentzell, an associate director of R. M. DOUGLAS CONSTRUCTION, is to run the company's newly formed management contracting

CEMENTATION INTER-NATIONAL, overseas civil engineering and building arm of engineering and building arm of the Trafalgar House Group, has made two appointments to its main board. Mr Stephen Westaway becomes estimating director. One of his more recent areas of work is the Sultan University, Oman. Mr John McBrearty has been appointed surveying director. He was previously with the Tarmac Group as commercial director of the international division.

Mr James Fowler has been appointed a non-executive director of TRIPLEX FOUN-DRIES GROUP. From 1976 he was commercial director at Round Oak Steel Works until its closure in December 1982.

Dr Eric Duckworth has been appointed a director of the FLEMING TECHNOLOGY IN-VESTMENT TRUST. He is managing director of Fulmer Research Institute.

Mr Ian Baw has been appointed to the board of JAMES HAL-STEAD, floor covering subsidiary of the James Halstead Group. He was previously production

Mr Keith Bedford, has been appointed managing director of BERNHARD'S RUGBY LAND-SCAPES. He was a regional director with Bovis Construc-

The ROYAL WARRANT HOLDERS ASSOCIATION has elected the following for the ensuing year: president, Sir Michael Colman, director, Reckitt and Colman; vice-president, Count Alain de Vogue, chairman

and managing director, Veuve Clicquot-Ponsardin; hos treasurer, Mr Edward Rayne

Mr Roderick J. Heather has been appointed group marketing director of UCC INTERNATIONAL GROUP and will be responsible for the worldwide marketing and distribution of UCC's fluid power products. He joins from DJB Engineering.

Mr Philip Walker, chairman

Mr Anthony Hammond has been appointed a director of ENSKILDA SECURITIES, responsible for administration; Mr Robert Chillcott becomes an assistant director responsible for

Mr Jeffrey W. Blake has bee appointed chairman and chief executive of BLAKE BELL DAVIS. Mr Eric Greaterex-Bell has resigned from the board.

Financial Times Monday March 12 1984 **BUSINESSMAN'S DIARY**

UK TRADE FAIRS AND March 21-23 Fashion Fabrex (01-379 5568) EXHIBITIONS

International Rubber Exhibition International Rubber Exhibition (01-643 8040) - Weinbley and Conference—RUBBEREX (01-643 8040) - Weinbley (01-683 7788) NEC, Rirmingham April 2-6 International Heating, Ventilation, AIr. Conditioning and Building Services Exhibition (02-705 NEC Rirmingham

OVERSEAS TRADE FAIRS

March 12-15
International Electrical and Electronic Engineering Show—
ELENEX (01-486 1951)
Hong Reng March 13-15 The Semicon/Europa Electronics Show (01-853 8807) Zurich April 4-11 March 14-18
March 14-18
Scandinavian Travel and Tourism
Exhibition (45.1-51-88-11)
Copenhagen
March 23-26
Fast Food Exhibition (01-439
S964). Paris

March 24.26 International Footwear Trade-Fair (01.493 8393) Dusselderf

March 30-April 1 Overseas Pro (01-487 2622)

BUSINESS AND MANAGEMENT CONFERENCES

FT Conference: Pensions in 1984 March 14
Institute of Credit Management:
National Conference (Stamford (9780) 56777) London Hilton, WI

March 21
Chatham House: Korea — hard April 3-5
Gedesions facing a successful Marinetech North West: Ultraeconomy (01-930 2233)

City of London Polytechnic, EC2
Marinetech North West: Ultrasound for the offshore and oil

British Chamber of Commerce for Belgium and Luxembourg: The small and medium-sized enterprise as an instrument of foreign investment in Belgium (02) 219 07 38 ((02) 219 07 88) Brassels
March 27-28
FT Conference: The second auto-

March 28
ESC: Acquiring and funding a March 28
ESC: Acquiring and funding a April 25-27
U.S. business (Uppdingham (0572) Insig: Banks and computers ((1) 8227(1) Selfridge Hotel, WI 763.07.24).

April 26-28

March 21-23 Exhibition of Goods and Services

Daily Mail Ideal Home Exhibiton for Conference and Exhibition ion (01-222 9341) (until April 1) Organisers — CONFEX (01-908 Earls Court 2122) Barbican March 28-30 The New Motor Trader Show (01-643 8040) - Wembley

March 13-15
Computer Trade Show (01-643 ing. Alr Conditioning and Build. Sol40)
Wembley ing. Services Exhibition (021-705 ing. Services Exhibition (021-638 ing. Services Exhibition (021-705 ing. Services Exhibi

-April 24 Saudi Oil Show (01-486 3741) Saudi Arabia International Technology Ex-change Fair TechEx 94 (01-584 5749) Florida

Hanover Fair (01-651 2191) April 11-15 International Fur Trade Fair (01-734 0543) Frankfurt Paris April 24-27
Food and Hotel Asia (01-486 tonal Footwear Trade 1951)
Singapore

April 1 Direct Marketing Symposium and Exhibition (01/69 48 20)

Montreex

March 28 Life: Financial futures for pen-

sion funds (01-623 0444) City Conference Centre, EC3

Gulf Energy Convention (01-486 3741) Bahrain

April 3
Faculty of Law: Tax avoidance after the House of Lords' decision in Furniss v Dawson (01-283-1030)
City of London Polytechnic, EC2

sound for the offshore and oil industry (061-273 3278)

March 28-29

March 12-13 —a time for change (01-621 1355) Dorchester Hotel, W1

10, St James's Square, SW1 March 22-23

SERC/Netlon: Symposium on April 4.8

Polymer grid reinforcement in ISBA World Industrial Advertivil engineering (01-336 3261)

Institution of Civil Engineers, Paris

April 5-6 FT Conference: Multinationals and European integration (01-621 1355) InterContinental Hotel, Wi April 8-10

Metal Bulletin: 2nd International Conference on Copper (01-330 4311) mated manufacturing conference London Marriott Hetel, W1
—tools for competition (01-621 April 11-12

April 11-12

FT Conference: European bankmarch 22

April 12-12

FT Conference: European bankmarch 22

CFS conference centre, WI

Lugano, Switzerland

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

PENDING DIVIDENDS

Dates when some of the more important company dividend Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus") have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

AdwestApr 15 Interim 2.1
Anglo American
Inv Trust...Apr 14 Finel 440c
Equip...Mar 21 Interim 0.35
Ass Brit Ports Apr 14 Finel due *Barratt
Develots...Mar 13 Interim 4.2 Barrow
Hepbum...Apr 20 Final 1.4
BelamMer 15 Interim 1.5
Bell (A.)Mer 23 Interim 2.0
Bibby (J)Mer 20 Final 5.15
Blackwood Blackwood
Hodge,...Apr 15 Final nil
Boddingtons
Brews...Mar 20 Final 2.25 Brews...Mar 20 Final 2.25 Booker McConnell...Mar 29 Final 2.25 BowaterMar 29 Final 3.5 Street Chems Inti...Mar 27 Final 1.9 Chems Inti...Mar 27 Final 1.9
British
Aeropsace...Mar 28 Final 5.2
*BritolMar 23 Final 3.75
Brixton
Estate......Apr 20 Final 3.75
Brown Boveri
Kenc...Apr 14 Final nil
BryentApr 11 Interim 1.0
*SunziApr 22 Final 4.5
Burmah OliApr 13 Final 7.5
Burmah OliApr 22 Interim 3.1
*Cement Roodstone...Mar 22 Interim 3.1
*Coates Bros ...Apr 6 Final 3.58
Coates Bros ...Apr 6 Final 3.58 "Cement Roedscone Mar 14 Final 3.56
Costes Bros ...Apr 6 Final 2.42
Combined Final 2.42
English Stra...Apr 19 Final 0.33
Croda Inti ...Apr 19 Final 0.33
Croda Inti ...Apr 18 Final 5.5
DRGApr 22 Interim 8.5
Da BeersApr 23 Interim 0.9
DunlopApr 20 Interim 0.9
DunlopApr 21 Final nil
Eastern Produce Mar 14 Intol...Apr 18 Pinel 1.65 ms Mar 28 Finel 2.25 Life: Apr 19 Final 9.375

swey...Mar 25 Final 4.0

Ceramic...Mar 21 Final 3.35 Higgs & Hill Apr 13 Final 5.75 "HK Shanghai

Travel...Mar 17 Final 2.8

Succession of the succession o Minest American Mar 14 Internal 2.1 Morgan Crucible...Apr 14 Final 4.0 NEIApr 12 Final 3.26 NewarthiiiApr 14 Final 9.0 Ocean en Transport...Mar 23 Final 2.35 Pritchard Services...Mar 24 Finel 2.7
PrudentisiMar 28 Finel 10.0
Queene Most.
Houses...Apr 11 Finel 0.805
RMCApr 20 Finel 6.5
Reckitt and
Resci (Auesin) Apr 14 Finel 3.5
ReantokilMar 20 Finel 2.06
Ric Assur...Apr 6 Final 10.2 Fior Tinto-Zinc...Apr 16 Finel 10.5
RockwereApr 13 Finel nil
RockwereApr 13 Finel nil
Rowntres
Mackintosh...Mer 14 Finel 5.9
Royal Dutch
Petroleum...Mer 15 Finel F 4.85
RuberoldApr 6 Finel 4.0
Rugby Portlend
Rugby Portlend Coment. Apr 11 Final 2.9 Metro Pro Apr 3 Interim 1.5
Sedgwick Met 15 Finel 4.5
Senior Erg.....Apr 8 Finel 0.75 Shell Transport. Mar 15 Finel 12.6 Stough Ears. Mer 23 Finel 2.075 Smith and Nephew. Mar 22 Finel 2.8 Smith (W.H.) Apr 20 Finel 4.25 Smith Inda. Apr 12 Interim 4.0 Standard Chertered Bk Mar 22 Finel 17.8 Standard Finel 28.5 Superdrug Mar 25 Finel 28.5 Superdrug Mar 25 Finel 4.0 Transport Woodnow...Apr 14 Final 14.0
Transport
Developmet...Mer 15 Final 3.0
TricentralMer 24 Final 5.6
Turner andMer 21 Final 5.6
UltramerMer 14 Final 9.8
Turner development 15 Final 3.5
United Sisculps...Mer 15 Final 3.55

Wilson
(Connoily) Apr 13 Final 2.25

Willia Fribat Mer 20 Final 12.5

Wilnipey (G.) Apr 28 Final 2.15

WolseleyHughes. Mer 12 Interim 5.08

Board meeting intimated. † Rights
Issue since made. † Tar free. § Scrip
issue since made. † Porecast.

chairman and managing director H and M Rayne.

ECONOMIC INSURANCE CO.

now a subsidiary of the Hafnia Insurance Group of Denmark, has appointed the following as a new board: Mr P. O. V. Hansen, Mr M. H. Loppenthien, Mr H. H. Koefoed, Mr O. H. Hansen, and Mr A. D. G. Tidy.

Mr John Sadler, finance director of the JOHN LEWIS PARTNERSHIP, is also to become deputy chairman from April 23. He has been a member of the Monopolies and Mergers Commission since 1973. Mr Sadler replaces Mr J. A. Powell, the present deputy chairman, who has reached retirement.

of CHAPMAN INDUSTRIES is to retire on March 31. Mr Peter Davies, deputy chairman, will succeed him.

Mr Viv Thomas has been ap-pointed to a new post of general manager commercial trade, BP manager commercial trade, SP OIL, following the retirement of Mr Ted Hawkes, general man-ager sales. Mr Thomas is man-ager commercial division.

Mr Freddy "Jock" Gunn has retired as sales director of Al PACKAGINGS. Mr Brian Wright joins the board as sales director. Mr Wright was purchasing. manager, and is succeeded by Mr John Haines.

BRADFORD-PENNINE IN-SURANCE has appointed Mr E. Pearson as deputy general manager.

floating rate note trading.

L & M has appointed Mr Michael Barrett as managing director. He was at Linotype-Paul, Cheltenbam, as production

CONTRACTS & TENDERS

LEBANON

TENDERS FOR THE SUPPLY OF EQUIPMENT FOR THE PORT OF BEIRUT

Due to the prevailing situation, the Council for Development and Reconstruction of Lebanou—Port Commission announces the postponement of the adjudication of tenders due to take place on March 15th at 10h.00 a.m. and its extension to April 19th at 10h.00 (local time).

The adjudication will take place at the same address as

Sealed bids must be received at the Port Commission offices not later than noon on the last working day preceding the date of adjudication.

THE COUNCIL FOR THE DEVELOPMENT AND RECONSTRUCTION FOR LEBANON

LEGAL NOTICES

SEW-KNIT (BIRMINGHAM) LIMITED 1/a S. K. DISCOUNT WAREHOUSES AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of March, 1984, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lans, London ECAV SAJ, the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Joint Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such nosice, or in default thereof they will be excluded from the benefit of any distribution made before such claims are proved.

Dated this 1st day of March 1984, BRIAN MILLS, Joint Lioyldator.

IN THE MATTER OF

BLUE BIRD GOLD BULLION BAR

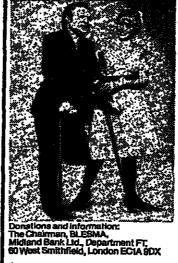
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SHAREHOLDERS OF ROLINCO N.Y. . ROTTERDAM ANNUAL GENERAL MEETING OF SHAREHOLDERS AGENDA

AGENDA A To determine the meancier year 1955.

4. To determine the appropriation of the profit.

5. Proposal to amend the Articles of Association in conformity with the text accompanying the full Asenda. The amendment implies:

A) Change of par value from Fis.50 to Fis.10.

B] Split-up of shares 5:1, The text of the amendments is con-tained in the full Agenda.

S. Closing of Meeting. Copies of the full agenda can be obtained from National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, Lendon EC2N 1EJ.

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The receipt for the Share Warratis or certificate of deposit will constitute evidence of a shareholder's evitients of attend and work at the Meetering and should be presented at the Meetering of the Meeting Hall together with the stand, a torm of proxy may be obtained from the National Wastmisster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the Share Warratis or certification of deposit.

Senetical owners of Sub-share Con-

to be held at the Hilton Hotel, Weens, Rotterdam, on Thursday, 29th March 1984, at 16.00.

2. Proposal to amend the Articles of A) Change of per value from Fig.50 to Fis.10.

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BEARER DEPOSITARY RECEIPTS Following the DIVIDEND DECLARATION by the Company on 13 January 1984, NOTICE is now given that the following DISTRIBUTION will become payable on or after 14 March 1984.

Gross Distribution per Unit Less 15% U.S.A. Withholding Tax

1.275 cents ==£0.00852842 Converted at \$1.4950

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United Kingdom banks and members of the Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate. All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applica-tions cannot be accepted.

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Agreement of the 4th April 1929 and
Supplemental Agreement of the 14th April
amodified) of which Royal Exchange
Assurance is the present Trustee ("the
Trustee") will be held at the officas of
Hill Samuel & Co Litt., 45 Beech Street,
London EC2P 21th on Monday the 19th
March 1988 at three forty-five o'clock in
the attention for the purpose of considertion she manner in which the Trustee is to
the strength of the Company." At the
Ordinary Shares of English and Dutch Inwestment frust ("the Company") at the
Annual General Meeting of the Company."
The Debt of the Company of the Comp

The binding nominations drawn by by
the Board of Supervisory Directors of the
Company for
I. Mr M. Hubbrechtse and Mr H. A.
Visser for consideration for appoint
ment as a Director (this is to fill a
vacancy as Mr C. van Eeghen is
collisional and

NEDLIBRA FINANCE B.V. US\$25,000,000 Guaranteed Floating Rate Notes due 1993

LIBRA BANK LIMITED

For the three months 12th March, 1984 to 12th June, 1984, the Notes will bearlan interestinate of 10% % per

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J. A. ROSS. Company Secretary. Hayes Park, Middleses. 5 March 1984.

ART GALLERIES

MALL GALLERIES. The Mail, SW1. ROYAL INSTITUTE OF PAINTERS IN WATER-COLOURS. 10-25 March, Mos.-Sur. 10-5. Adm. £1.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

ONE OF the critical production tools for Eaton Corporation's European truck components operation is a wad of sheets listing scores of foundries, forgemasters and bearing suppliers. Alongside their names are grouped a series of numbers and, every so often, a line of stars from one to about eight. The speets form Eaton's vendor ranking system, a com-pilation of its confidence, up-dated every few months, in the ability of Individual suppliers to meet set quality targets for components which go into the U.S. company's drive axies and medium, and heavy duty goar

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The numbers represent Eaton's confidence measured up to 100 per cent for every supplied part mumber and the stars are a gauge of those companies whose quality standards have slipped below par. The more stars the more likely it is that the supplier will fall to keep Eaton business unless he pulls his steks up.

From Eaton's point of view it is poor quality or uncom-petitive price which has driven many British companies off its vendor list in favour of foreign manufacturers. Eaton's buying pattern, though, partly reflects price factors, such as currency movements over which British component suppliers have no

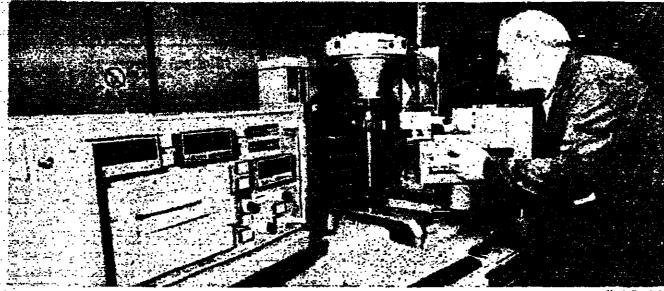
Eaton's suppliers are simply having the same pressure placed upon them that Eaton places upon itself. The ranking sheets are just part of a wider process of statistical control to improve

quality.
This includes the collection of and procedures for using a mass of day-by-day information

mass of day-by-day information on how the company's own machines are behaving in the hands of its machine operators. The result of using procedures such as these has been a marked improvement in the quality of Eaton's products, particularly over the past year. Leyland Trucks, one of the myriad of OEMs (original equipment manufacturers) Eaton supplies with its Fuller gearboxes, informed the comgearboxes, informed the com-pany last December that it was the first engine, gearbox or axia supplier to achieve a zero defect

It used not to be like that. In the late 1970s Eaton, which employs 2,000 in Europe with manufacturing sites in Britain, France and Spain, carried out a study into what truck makers thought of its product. It didn't like what it heard. Potentially good products; but problems industry during the massive ex-with quality and the company's pansion of the 1960s and 1970s. with quanty and the company's "It didn't have to be good it specification requirements, came the reply. "I felt distinctly uncomfortable," says Alan Best, image Eaton began to rectify the problem. Fortuitiously, per-

en aller and state a



How Eaton achieved a zero defect rate

Nick Garnett opens an occasional series on product quality

from machining. Stud holes might be drilled slightly out of position or the haft from the position of the half from the front of the gearbox into the clutch plates would be ground marginally oversize. Paintwork on casings wouldn't be up to scratch or there would be evidence of rust.

Some of these problems were rooted in the shopfloors of Eaton's suppliers, but Eaton itself showed a general inability to respond quickly to small specification changes made by the truck assemblers—the route of a hose for example or the positioning of a coupling flange. Many of these problems were

small enough to be rectified on the truck assembly lines and some were not strictly quality issues at all, but the overall impression Eaton was creating was not good. At the same time quality pressures were mounting as truck markets shrank. Best

remembers the philsophy of the "It didn't have to be good it just had to be made."

The quality department was involved in the re-equiping of the new plant, which came into production in 1981. As part of that instruments were incor-porated on machines for guaging machining work and free-standing inspection equip-ment was introduced.

Best argues, though, that it is not the type of guaging and inspection which is important. other Eaton plants have less modern equipment but the same overall quality requirements are placed upon them.
What is important is the setting of quality targets and installation of procedures that enable statistical information to be used in respect of in-house and supplier manufacturing activities.

Eaton's target was a reject

rate of less than I per cent. Capability studies were carried out on all machines. This, for example, provided the main clues as to the frequency of inspection required on lathe turning. Quality audits revealed

Walkden plant on the edge of and detailed machine capabi-Manchester offered Eaton the lity studies again revealed both opportunity to construct a new the limitations of the manufaclity studies again revealed both the limitations of the manufac-turing equipment and the level of inspection needed to maintain quality.

Sampling analysis to produce statistical probabilities on which the frequency of tool changes or re-adjustments are based is also applied to bought-in items. A quality control survey on a vendor-supplied shaft which runs through the transmission gears showed that the shaft had a tendency to be ground oversize. Discussions with the part manufacturer resulted in more frequent adjustments to the grinding

manager of the Manchester plant, says the theory of statistical quality control has been known for decades but has been little used in British industry. Jackson, along with all the other Eaton plant managers and many of its machine operators, have been sent on statistical control courses to improve their understanding of the technique. Quality pro-cedures have also allowed Eaton to follow the growing proper Operations manager, the problem. Fortuitiously, per- a problem with the clutch trend of inspection by machine Some of its difficulties cross haps, a fire at the company's housings Eaton made in-house operators at the point of pro-

Bob Jackson, the American

duction, allowing a reduction specialist inspectors.
Under the vendor ranking

system, any supplier falling below an Eaton confidence factor of 97 per cent (which means Eaton is taking a 3 per cent risk that it will not have to reject more than 0.5 per cent of parts from its supplier) starts to collect stars and will receive a telephone call or. more likely, a visit from Eaton's purchasing and quality depart-ments. The problem will be chewed over, with Eaton offering assistance, if the supplier requires it.

This is a system developed since it was first introduced four years ago. At that time and abolition of clocking on.

Eaton drew a line at a conThere are no special na fidence factor of 65 per cent. ments made to machine opera-Any supplier below that or tors based on quality perform-failing to reach it within a ance. "People here are desper-

forgemaster) have performed badly on quality. Some make but are not consistent. This got to ask some deep questions compares with many foreign about itself."

suppliers such as the French forgemaster, Aciers La Chiers, which produces seven different parts for Eaton, five of which give Eaton a 100 per cent con-fidence factor and with 99 per cent for the other two.

Neil Wade, Eaton's purchas ing manager, says of foreign suppliers: They don't let the rubbish out of the door and they check their tooling more often.'

Six years ago 90 per cent of casungs for Eaton's transmission operations were UK produced. Now it is just 10 per cent Forgings were all supplied from the UK but now that's down to 40 per cept.

Eaton concedes, however that although quality is crucial price is also very important. Supply trends reflect, for example, the currency exchange rate with the Belgian franc and export assistance provided by the Spanish government to its own producers. The influence of price factors is at least as important as quality for forgings, though less so for

Price is by far the most dominant factor for bearings, however. Quality hardly varies between bearing manufacturers yet supply from the UK to Eaton has collapsed from 100 per cent to 20 per cent, replaced largely by Japanese

In the drive to improve quality Eaton's "problem-solving circles" have had a small impact One notable example was the fitting of a stud to a shaft, made difficult because of the amount of swarf around the thread. Members of one circle tracked back through the process and discovered first a tooling mistake, then a problem with heat treatment which was contributing to the swarf. Eventually they reached the conclusion that the stud could be made from material which did not need heat treat-

which did not need heat treatment at all.

Quality performance at Manchester is wrapped up in a forward looking labour policy, manifest in the recently completed second, three-year wage agreement which incorporated considerable labour flexibility There are no special pay-

short time was chopped from ately interested in quality. They the list. Remaining suppliers are interested in their own were told that Eaton's objective success," says Best. "Given the has a confidence factor of at ability to understand what they least 95 per cent. are doing, they become part of Eaton says British suppliers what you are trying to do. (with some notable exceptions People get paid to do a job such as Garringtons, the GKN properly and it's our job to motivate them to do it properly. If a company has to pay them temporary efforts to improve specially to get quality it has Production in the ascendant

BY MICHAEL DIXON

GUESS who wrote: "I would needs to know nothing at all about finance but he is better off knowing too little than too much, for if he becomes too expert ... instead of being a businessman he will be a note juggler, trying to keep in the air a regular flock of bonds

and notes." The answer is Henry Ford*, who built his success on the philosophy that business's prime aim must always be to provide valued service to the community. If priority were given to merely financial objectives, he believed, objectives, he believed, industrial progress would inevitably be stiflled.

Had he lived longer, Ford would no doubt have repeatedly shouted his better known saying — "History is bunk" — with particular reference to the recent history of industrial management in Britain at least. For, as the years went by, survey after survey showed that a growing proportion of the top managers of our industrial companies were predominantly specialists in finance as distinct from production or marketing.

Industrial

The survey trend was underlined by frequent, although usually private, laments from

other managers. But a sign that might have restored Ford's faith in Britain's industrial future has just appeared in a survey carried out by the Kiernan executive recruitment con-sultancy of the chief execu-tives of 150 of its client com-panies. Of the unidentified companies 128 were in manufacturing and service industries and 22 in the financial sector. Ninety-five are Britishowned, 43 American and two

of European parentage. The study of the chief executives was made this year to check on how their character had changed since Kiernan made a similar survey covering a comparable sample of companies in 1974.

Then, specialisation in finance had a clear lead among the managerial functions through which the chiefs had

risen to the top-55 per cent of them citing it as a decisive if not the only area of their previous executive experience. Next came sales which had formed at least part of the experience of 46 per cent, then marketing at 36 per cent, Personnel at 30, production at 27 and engineering or technical management at 18 per

Moreover, excluding those who had previously been chief executives of other companies, 23 per cent had stepped straight into the top job from the specialist role of financial director—exactly the same proportion who had first gained experience across the broad range of executive responsibilities in the role of general managers.

Ranking

The 1934 findings are impressively different. The specialisation with a clear lead among the chiefs of today is production, cited by 49 per cent as an important if not the sole area of their previous experience. Then come sales with 36 per cent, marketing with 31, and even engineering and technical management also with 31 before the ranking reaches financial management cited by only 28 per cent. Former experience in personnel is

new reported by only a tenth. What's more—again excluding those who had previously been chief executives elsewhere—only 7 per cent had gone straight to the top from a financial director's job. The proportion who had first gained broad experience as general managers is now 43

If the philosophy behind Henry Ford's successful pioneering is germane to the innovative challenge facing British companies today, the company chiefs seem better fitted to act on his dictum that financial objectives should exist to serve industrial advance, and not the other way round, always provided that the new bosses keep in mind his other maxim that nevertheless "business must be run at a profit, else it will

*My Life and Work; Heine-

Lloyds Bank 1983 Results

Profit recovery in difficult conditions

After continuing high provisions for bad and doubtful debts profit before tax was £419m, compared with £329m in 1982.

After paying tax and dividends profit retained to develop the business was £221m.

This brings

Group share capital and reserves to £2,193m and helps to support total lending of£30,300m and a total balance sheet of £38,432m.







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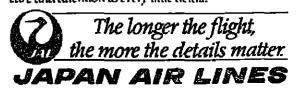
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THE ARTS

Architecture

Colin Amery

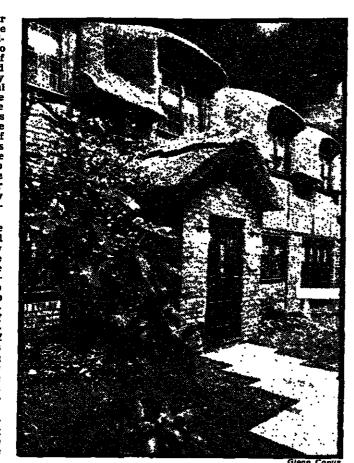
No place like home

Despite the fact that this year is the 150th anniversary of the Royal Institute of British Architects and we are all supposed to be celebrating the Festival of Architecture, there is one world Architecture, there is one world that is amazingly untouched by the hands of the architectural profession. The world of the privately built speculative house produced for the mass market still seems to be immune from the faintest touch of from the faintest touch of trained design awareness. This is the traditional time of the year for the housebuilders to show their latest wares at the Ideal Home Exhibition and for Architecture Year the show seems to be a particularly de-

Six types of new house have been built in Earls Court around an aviary—which gives the show its theme "where ideas take wing." What few ideas there ket in the last decade seem to have fiopped pretty heavily to the ground in the 1984 exhibi-tion. The general standard of new house design is unbeliev-ably low. The general level of taste in furniture and interiors is nauseatingly bad. In fact a visit to Earls Court is rather like a walk down a memory lane of all the had designs that you thought had been banished for-

architects have so little impact on an area which should be their sovereign territory. The home is where we live and breathe and develop our imagination. The ideal home should be the place where our first glimpses of proportion, form and colour inspire our visual senses. This should be the criterion for the designers to apply to the largest possible

Architects have completely missed the bus. The spec-builder is as likely as not to employ a surveyor to draw up a few plans, and that powerful myth, "the market," is allowed a few plans, and that powerful the vinage of mouses and the year is a large time. The architectural profession myth, "the market," is allowed star of the collection is unfamed thatched cottage faced to determine exactly what is doubtedly a house which is with old English bricks. There are four dormer thought of at all. There is vices House of the Year. Windows, little casement plenty of attention given to the Architectural Services is the windows each side of the door, The RIBA should have sponsible of modernism to flash.



Thatched cosiness in Earls Court

house.

This year a visit to Earls
Court can really only be recommended for bird fanciers. The first thing you see is a flock of giant humming birds swinging crazily above the green and yellow nylon carpet tiles and potted azaleas. Some real Chilean flamingoes elegantly step about in a pool full of discarded coins.

At the heart of the show is carded coins.

At the heart of the show is

computer—the visual world lot to answer for when it comes comes through a tube or a to the failure of modern

design. What has gone so badly wrong — how can the mass market have declined to the level of a Disney-like view of architecture for the home? Opposite the thatcher's home-stead is the dream world of the

show. Long, long queues wait to enter its cosy portals—lines far longer than those for any stately home or museum of

business-like Sir Lawrie Barratt. Barratt Developments pic are Britain's biggest house builders. They have evolved an efficient strategy that encourages home ownership through mortgage arrangements and the building of particular types of houses for young single people and the retired and all the house houses in between Their Dorbuyers in between. Their Dor-chester Suite on show at Earls Court is a development of small flats that is arranged in three storey blocks for the first time buyers. This firm offers a whole range of house types from the remarkably low price of £15,000 to £650,000. The range is completely unexceptional in terms of design; safe and predictable. In the show flats at the Ideal Home Exhibition the interior designer has introduced a sharp distinction to the department store image of the room sets. The world of design shown

fair presents a sinister view of the world of the average Briton. Can it be true that we really need all the sun beds, vibro massagers, security systems, portable baby chairs, noodle makers and spa baths that litter the exhibition this year? And the housing market.

The old cry is that the designer on the telephones you demand is for "traditional" can buy? My first prize for horhouses. The problem is that the versions of the great vernacular A bright green frog about the tradition that year. tradition that are produced are size of your hand, with boggle crude, built of synthetic eyes, opens its huge mouth to reveal the dial and the mouth-piece. The thought of half the population pressing the green plastic to its lips in their thatched cottages. . . .

glance. This company's house of the year is a large timber framed thatched cottage faced The architectural profession missed their chance this year illusion of modernism, to flash name of a company that sells a porch with a trim thatched sored a house of 1984 that could ing digital clocks in kitchens those books of bungalows and roof, and a garage with linen- so easily show that there is ing digital clocks in kitchens those books of bungalows and roof, and a garage with linens that are scarcely large enough house plans for you to pass on fold panelling on the doors. For room for art and commerce to something in the region of unite. What happens to all those blocks required to your builder. They use the something in the region of unite. What happens to all those services of both British and £55,000 you too can have this expensively trained architects and have a version of the gingerbread and designers? They seem to be answer for when it comes house. house.

Let there be no doubt that the homes of the nation—not this house is the star of the even on the telephones.

The Aspern Papers/Haymarket

Michael Coveney

Michael Redgrave adapted portant shifts by suggesting that the papers would transform Henry James's novella in 1959 for a famous production starleftery Aspers would transform Jeffery Aspern's reputation instead of adding to a body of available knowledge; and by inserting an evasive relationship between Miss Prest and H.J. that hints at paradoxes in the scholar's estimation of women ring himself, Flora Robson and Beatrix Lehmann. Now, at the Haymarket, we have Christopher Reeve as the inquisitive American scholar, H.J., Vanessa Redgrave as Miss Tina and Wendy in general.
This latter shift comes about, Hiller as her aunt, Miss Juliana Bordereau. of course, because the play must solidify H.J. in a way the novel's

The play is not exactly a travesty of Henry James, but it makes for an un-Jamesian sort of melodrama and, in its own way, a rather good one. Redgrave's sure theatrical touch is everywhere apparent, but the director Frith Banbury has conused the rhythm of the evening by dispensing with the three act structure. "You publishing scoundrel," emitted by the frail old aunt as H.J. fumbles with the secret chest, is not just a curtain line. It should be an interval line. interval line.

ing obsession of the ruthless scholar who inveigles himself into this grimy, abandoned old-Venetian house under a

first person parrative cunningly avoids. One can imagine the

Redgrave also makes some im-

ittered with sharp, hissing intakes of breath as he snatches
at his words nothing produced
by breathing properly or using
the diaphragm. His hands too,
are a severe liability fluttering
into whimsical, camp little
gestures or else mysteriously
diving downwards in a claw
formation as if miming how you
press a bucket on the beach in
order to make a sandcastle.

Even enscenced in their pockets,
these hands cannot be relied
upon to stay still. They wriggle
and twiddle away like eels on a
fish stand.

You notice all this the more

raffish suavity of Redgrave in the role Christopher Reeve is good-looking but vacuous, his because of the artistry opposite him of Vanessa Redgrave. This is a house where youth and hope have been buried for years and Miss Redgrave first. pears round the door, hunched and wispy-haired, in a black shawl and woollen half-gloves. Immediately, she has gone to reading thinner than superficial. He never conveys the debilitatpseudonym; shawl and woonen nan-grove.

The other problem with Mr Immediately, she has gone to the character, the very limits of the character and the very limits of the very limits of the very limits of the very limits of t technique. The evening is staked out the ground, the pes-

some not very good lyrics to a not very secure tune, she is transfigured in a melismatic wash of tears, memory, child-hoold and despair. You know, as indeed you always know with Miss Redgrave, that you are in the presence of great acting. The Venetian sala of decrepit furnishings and slatted windows giving on- to the garden is designed by Carl Toms.

BBC Symphony/Festival Hall

Andrew Clements

Shostakovich's fourth symphony is generally accounted one of the failures in the canon. one of the failures in the canon, parcelled up with the Second and Third as examples of the composer's "expressionist" period. That the score was withdrawn before the scheduled premiere in 1936 and was only introduced, in a revised version, 25 mers letter but the scheduled to 25 years later has tended to obscure its stature even more: on one now can determine whe-ther Shostakovich found it unacceptable on purely structural grounds, or whether political pressure in the wake of the de-

nunciation of Lady Macbeth of Mtensk forced his hand. How far the published stare

is likewise a mystery. It was revised several times over a number of years, and Shosta-kovich still admitted dissatisfaction with the structure shortly before his death. Yet what we have is much more than a splendid failure, as Gunther Herbig's account with the BBG-Symphony Orchestra at the Fes-tival Hall on Friday admirably demonstrated. With his unflam-boyant, precisely measured ap-proach Mr Herbig convincingly linked the symphony to its suc-cessor in several aspects though

represents that original version the Fourth that the seeds of his and the genuinely symphonic is likewise a mystery. It was revised several times over a number of years, and Shosta
Traces of the flamboyant, out felt in Shostakovich's music for rageous gestures that make up-

the second and third symphonies are still present however. The orchestra is a huge one; the The orchestra is a huge one; the elements of traditional symphonic form are often wilfully something of its huge energy obscured or distorted. Many of that one quite forgave the drab the climaxes. (in the rambling Stravinsky they had offered first movement especially) are before it. Erich Gruenberg had excessively brash; there is a been the soloist in the violin self-indulgent tendency to concerto, careful and tidy, but parody any and every theme, consistently under characteristic than whole critical into the respective for the respective for the respective forms. But to reject the whole edifice

the first time.

Mr Herbig and the orchestra did such a persuasive job in holding together this edifice ing the movements; Mr Herbig had taken the BBCSO through Fireworks without revealing Shostakovich labelled his Fifth on that basis would be to lose had taken the BBCSO throng "a Soviet artist's reply to just the charmingly shaped and Fireworks without revealing criticism," it is evident from powerfully central Moderato, any of its sparkle or vigour.

The School for Wives/Churchill, Bromley

Martin Hoyle

well-paced, straightforward performance off to a good start. A blown-up townscape engraying slides into panels depicting an interior, while the flanking façades similarly swivel round to show their reverse, in the manner of the National's Rivals -a good example to follow.

The popular attraction of Roger Redfarn's production for fluffs and flounderings, this the Churchill is Terry Scott as tricked old tyrant is as enjoy-the hoodwinked Arnolphe. In able in his restraint as in his

between Dr Johnson and Butcher Cumberland apoplectically sighting a stray Highlander. He attacks the part with gusto, sometimes rivalling Richard Briers's legendary Hamlet in his apparent attempt to rattle through a classical role at top

speed. Despite occasional verbal

Terry Parsons's set gets the a grey wig, this peppery, neck-relish. The veteran of TV Cole's sheltered ward, convent-ell-paced, straightforward per- less bull frog resembles a cross comedy and several Carry On reared as a custom-built bride films, Mr Scott could even let for her elderly guardian, himself go a little more. Nobody manages to be pretty, innocent can look quite so aghast; and and totally un-wet, though never we could do with more of those clearing up the ambiguity of her

suitor is a full-blooded romantic (referred to as Orarse by the more cosmopolitan members of the cast, though Mr Scott settled for an uncomplicated Horace d l'anglaise) and Julie Dawn note.

complacent smirks freezing into apparent disingenuous flirting incredulity.

A couple of near-grotesque The young lovers are equally servants steer well clear of vigorous. Peter Woodward's caricature, and Miles Malleson's

Fischer and Bolet/Barbican Hall

Dominic Gill

but for some reason he doesn't greater effect on Liszt's less unfailingly draw from the well known Fantasia on Hungar-London Symphony Orchestra ian Folktunes (S123) for piano their biggest string tone, and orchestra, which is actually keenest attack or liveliest a rather better piece (the tradiresponse. Their programme on the things of the tradiresponse. Their programme on the things of the tradiresponse. Their programme on the tradiresponse of the tradiresponse of the tradiresponse. Their programme on the tradiresponse of the tradires Radio 3, ended with Dvorak's eighth sympothy and opened with Schubert's Unfinished. In the Schubert especially, the orchestra gave courteous cooperation that lacked a fine cutting edge of enthusiasm; the performance was suave and well made enough, but it never felt

The two works in which the planist Jorge Bolet was the soloist however, took off with splendid effervescence and glitter. Liszt's wild (and for the 1830s wildly avant-garde)

Totentanz is musically more than a little preposterous — but it is nothing if not colourful, and a great deal of fun. Bolet spun off its variations with mar-7.30 pm.

I like the young Hungarian vellous elegance, and most conductor Ivan Fischer's firm sophisticated devilry; and technique and easy, lucid style; worked the same magic to still of birthday tributes, the (and perhaps also postteresting, and far more rewarding of elaboration, than the Dies Arge). Those who heard it will be as glad to know as those who did not that both works, played by the same forces, are soon to be issued on

Swing Session

The next South Bank Swing Session will be held on Saturday March 24 at the Purcell Room with pianist Eddie Thompson, Len Skeat on bass and Jim Hall drums. Special guests will be trombonist Roy Williams and saxist / clarinettist Johnny Barnes. The concert begins at

Endymion Ensemble/St. John's

Max Loppert

concerts in which Birtwistle other composers. Thursday's at contributed a very large Birt-Stravinsky Tombeau (1971)but as both leave an impression exact, unfettered tones required out of all proportion to length, —qualities well matched by the proper point was made

after all. scores—and saying that, about of Henze's Rimbaud cantata a composer whose genius has with harp and four cellos, always been for creating beauty Being Becuteous (1963), one of that startles, is saying a good the composer's most successful deal. The levels on which it (because most personal) operates are many, complex, romantic effusions. Henze's operates are many, complex, and full of resonance; the carol Johnny and devotional poem texts, Lutoslawski and Varese com-begins at declaimed with fire in brilliant, pleted the bill; it was a good adamantine vocal writing, are

Endymion Ensemble has put Christian?) modes of thought together a series of chamber and feeling is achieved with a clarity of vision whose inevita-bility is matched only by its unpredictability. It is a score St John's may not in truth have that is ageing exceedingly well. wistle tribute—the works were ductor John Whitfield had the the short Monody for Corpus wit to engage a soprano, Christi (1959) and the tiny Penelope Walmsley Clark. with exactly the crystalline. —qualities well matched by flute, horn, and violin. Miss Walmsley-Clark was even more The Monody is one of the accomplished in the rapturu-most beautiful, and also most ously swooning and soaring line startling, of Birtwistle's earlier (complete with F in altissimo)

are spirited Polish musicians, with a stringier sound than is weight in Szymanowski), though each player shone at various moments during the evening; in quick scherzo-passages their ensemble wasn't flawless. They addressed themselves to their that Szymanowski someumez addressed themselves to their that Szymanowski someumez requests.

In Mozart's Quartet in G, wasness, and that brought its K387, they were aelrt and sharp, even prickly. It gripped one's even prickly. It gripped one's attention, and satisfied it. After Quattro fantasie and works by Lutoslawski and Varèse com-

Varsovia Quartet/Wigmore Hall

There was much pleasure to silhouette of his later music be had, from the Varsovia but also much of the enraptured String Quartet on Friday. They other-wordly tone that makes the First Violin Concerto so cultivated by fashionable rhythmic devices of Bartók's 3rd cosmopolitan quartets, and less homogeneous. Their leader themselves products of 1927-28. Obviously leads (and their It is easy to imagine that cellist failed to carry his Szymanowski's quartet might

The special attraction was the attention, and satisfied it. After econd Quartet of their com-Second Quartet of their compatriot Szymanowski. Composed big F major Quartet op: 22. All in 1927, it has the deliberate of it was delivered with idio-

haunting. Yet there are strik-ing parallels with the tough rhythmic devices of Bartók's 3rd suddenly be taken up by many performing quartets; certainly the Varsovia players made a powerful case for it, even with-

with searching tenderness; in are nonetheless an ensemble of with searching tenderness; in are-nonemeless an ensemble of the most hectic pages of the genuine character, and it is good outer movements, their intenance news that they have pust recortion became a little wild—the ded both of Szymanowski's effect of the final coda was quartets for the Belgian slightly foxed by that. They "Pavane" label.

Obituary

Imogen Holst

and a musical study, both works, responsible for diseminating, a new understanding of an interest in Holst; she also edited much of his music. Imogen Holst was a close collaborator "national" tints and the spare matic flair, and the Andante of Benjamin Britten and (until

Imogen Holst, who died on Friday at the age of 76, was the daughter of Gustav Holst and the leading authority on his music. She wrote a biography able concerts there, of her other important musical daughter of the state of the leading figures of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the Aldeburgh Festival: a noted choral conductor, she was the state of the state important musical devotion-English Choral Music from the Mediaeval era to the modern day. Her studies of Byrd, Bach, Holst, and Britten for children remain models of their kind.

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guida to all the Arts ap-

Music

Royal Cheral Society and English Chamber Orchestra, conducted by Meredith Davies, with Eiddwen Harrhy, soprano, Paul Esswood, counter-tenor, Robert Tear and Kenneth Bowen, tenors, Ian Caddy, baritone and Stephen Roberts, bass. Bach, St. John Passion. Royal Festival Hall (Mon). (928 3191).

London Philharmonic Orchestra, conducted by Jesus Lopez-Cobos, with Angel Romero, guitar. Ravel, Villa-Lobos, Rodrigo and Ravel. Hoyal Festival Hall (Tue).

Fou Ta'ong, plano: 50th birthday concert. Handel, Schubert and Chopin. Queen Elizabeth Hall (Tue). (928 3191).

London Symphony Orchestra, conducted by Yuri Simonov, Tchaikovsky. Barbican Hall (Tue). (638 8891).

LONDON

WASHINGTON

National Symphony (Concert Hall): Yoel Levi conducting, Annie Fischer, piano. Choral Society, directed by Norman Scribner. Beethoven, Ravel (Tue, Wed mat. Thur). Kennedy Center (254 3776) **NEW YORK**

New York Philharmonic (Avery Fisher Hail): Rafael Kubelik conducting an All-Smetana programme (Tue, Thur). Lincoln Center (8742424). Czech Philharmonic (Carnegie Hail): Vaciav Beumann conducting, Natha-niel Rosen, cello. All-Dvorak pro-gramme (Mon). All-Smetana pro-gramme (Tue). Jiri Belohlavek con-

cting, Jorgo Bolet, piano. Jana-c, Schumann, Suk, Dvorak (Wed).

Brooklyn Philharmonic (Brooklyn Academy of Music): Lukas Foss con-

ducting. Wuorinen, Ellington, Cole-man (Thur). (6364120).

March 9-15 Orchestre de Paris. Isaac Stern, violin, Andrew Wolf, piano (Mon). Salle Playel (56 196 20). Mozart, Enesco.

CHICAGO Chicago Symphony (Orchestra Hall): Giuseppe Sinopoli conducting, Lucia Popp soprano, Walton Gronroos, baritone. Mahlar, Brahms (Thur). (435 2122).

Anthony Bailas, Late: Reusner Losy, Le Sage de Richée, Musée Instru-mentale (Wed). BET Philharmonic Orchestra. con-ducted by Witold Rowicki, with Krystian Zimerman, plano. Shos-takovich, Brahms. Palais des Beaux Arts (Thur). Arts (Thur). VIENNA

dio Abbado, soloist Jessye. Norman, Mahler, Beethoven, Jameek. Mu-sikverein, Grosser Seal (Mon). (658190) (eans Symphony Orchestra: conduc-tor Ferdinand Leitner. Mozart, Ed-er, R. Strauss. Musikverein Grosser Saal (Wed).

PARIS Twome Loriod-Messisen, piano, Rog-er Muraro, piano: Mozart, Chopin, Lizzt, Messisso. (Mon. 6.30 pm). TMP-Châtelet (2334444).

des Champs Elysees 1 neatre des Champs Elysees (1234717).
hamber Music – Maitrise de Radio France, conducted by Henri Farg.
Debussy, Rossini, Schabert, Schu-

mann (Mon). Salle Gaveau (56 320 30): (3622030):
usemble Orchestral de Paris, conducted by Jean Fournet, Rafael
Orozco, piano, Christian Jean, tenor:
Faure, Mozart (Tue). Gavenu

Franck sonatas, Mirella Freni, Nicolas Chaurov and or-

chestra, conducted by Romano Gan-dolfi: Operatic melodies (Mon).

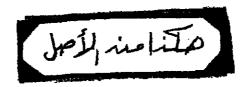
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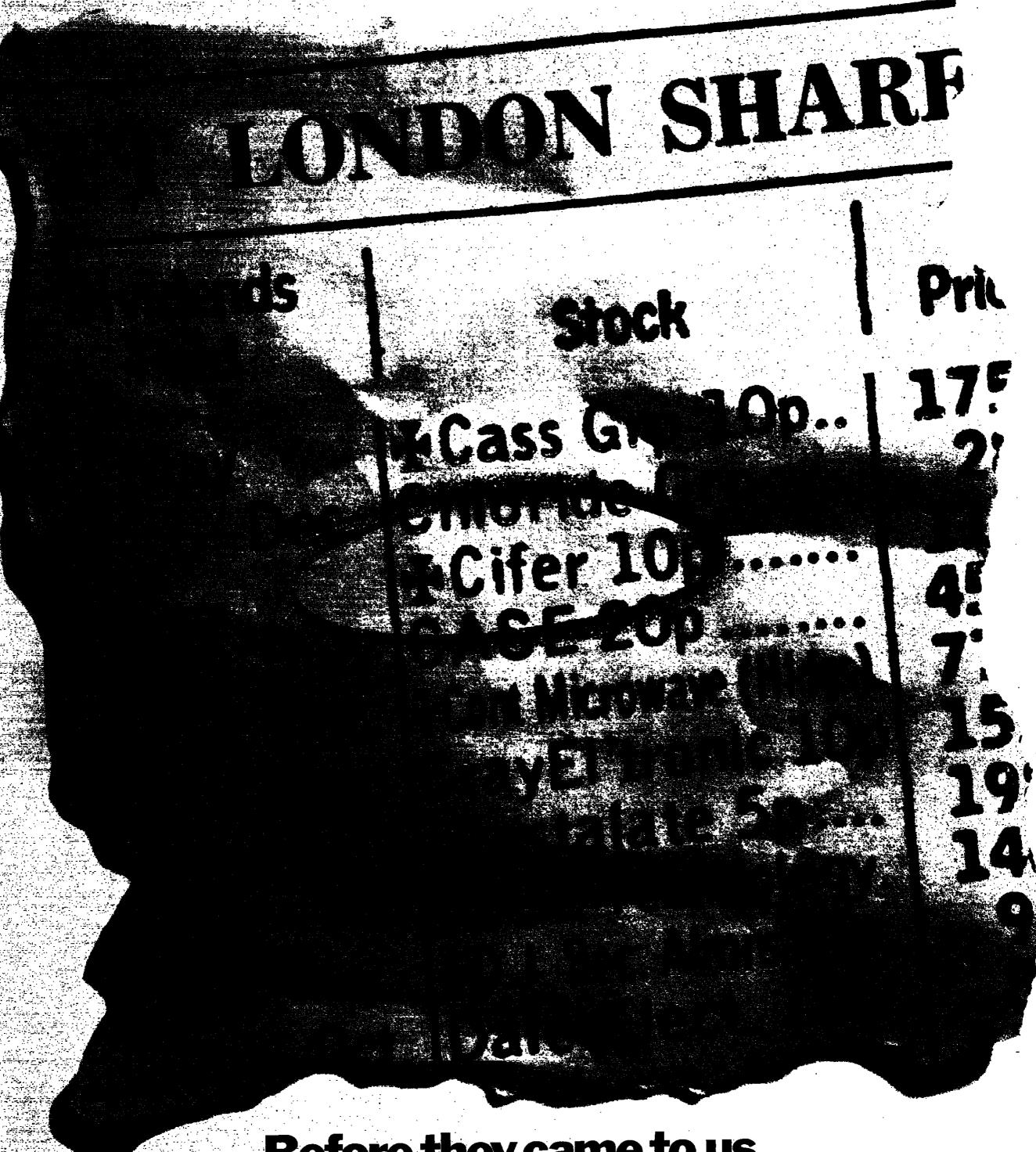
Tonhalle: Tonhalle Orchestra, conducted by James Loughran, with Rocco Filippini, cello. Mozart, Saint Saens and Strauss (Wed and Thur). AUSTRALIA

Sydney Opera House: ABC Orchestra, conducted by Sir Charles Mackerras. Programme includes Tippett's piano concerto with Paul Crossley as soloist. (Wed and Thur).

Dart,

tome: Teatro Olympico (Academia Fi-larmonica Romana), Piazza Gentile da Fabhriano: Pianist Rudolf Buch-binder playing squatas hy Reethoybinder playing squates by Beethor en and Schubert (Wed). (393304):





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Monday March 12 1984

Key issues in **EEC** reform

her object, in the current Euro-pean Community negotiations, is to rebuild the foundations. not paper over the cracks. If these were the alternatives, her choice would be admirable; yet the metaphor is misleading. The task facing the foreign ministers today, and the heads of government next week, is not to turn the European Community into a deserted building site (to paraphrase President Mitterrand) but to adjust its steering mechanisms so that it moves on to a different course in future.

The most important and the most difficult issue at the heart of the negotiations is the reform of the Common Agricultural Policy. The key question is whether the farm ministers are willing, or can be obliged, to take decisions which are likely to curb surplus production and reduce the real level of price support, both immediately and over the longer term.

On the evidence of last week's negotiations they are not yet willing to do so. They talk of reform but every emerging compromise seems, as in the past, to point to a weakening of reform, a raising of prices, or an increase in budgetary costs.

Unless they take decisive action this year, it bodes ill for the prospect that they will show greater courage in any succeeding year. The questions they must answer are: When will reform start to bite and how do we know the effort will continue?

Parliament

The pressure for reform has come exclusively from the imminent exhaustion of the Com-munity budget. It is essential that this type of pressure be maintained, both by much stricter control of the budget as a whole, and by a steady reduction in the share going on agriculture.

Achieving this objective faces serious difficulties, practical and political. The first practical problem is that the European Parliament has power, which it usually exercises, to increase the budget as approved by the Council. Most governments are reluctant to talk about reducing this power in the run-up to the Parliament's elections in June. But it will be hard to put much faith in mere forms of words which may not prove binding.

already overspent. More money will be needed to get rid of the

expenditure, because it is their arrangements, and if all way of life which must adapt; member states, including the but postponement will only UK, are prepared to make matters worse. National

MRS THATCHER has said that subsidies have been used in the past, as a transitional measure, to ease the pain of adaptation at crucial moments of change.
They may be required, on a broader scale than before, if there is to be any prospect of policy or budgetary reform getting approval in 10 national

On the British budgetary complaint there is room for an obvious trade-off. In return for a durable system of compensa-tion (in place of the traditional be prepared to settle for a smaller proportional compensa-tion than in the past; the settlement of the argument should be worth something.
On the other hand, the degree of compromise must

farm policy and budgetary issues. If the Ten move significantly in the direction of farm policy reform and of budgetary control, the UK could well afford to make larger consessions over its excess contribu-tions, since these reforms should over time reduce the excess. But if there is no pro-gress at the policy and budget-ary levels, the UK could face the prospect of rising excess contributions, and must insist on a better proportional compensation deal, together with an absolute ceiling.

A similar trade-off must come into play over any increase in the Community's financial resources. The Commission has proposed that the so-called VAT ceiling should go up from 1 per cent to 2 per cent; several member states want a much smaller increase If the Ten take vigorous steps to curb and then reverse surplus farm production, or if they adopt cast-iron procedures to control the growth of budgetary spending and to ra-duce the share going on agri-culture, the Commission's pro-posals make sense; there is no intrinsic merit in setting up a re-run of the present crisis a few years' time. But if the Ten fail to grasp the farm policy and budgetary nettles, it may be preferable to settle for a minimal increase this time even if it means facing another painful argument on the same subject in 1986 or 1987.

Decisions on the Com-munity's change of course must be taken soon because it is run-

Second, the farm budget is ning out of money. If they are not taken next week, they will beef and butter mountains, and still more (on Mediterranean products) to ease the entry of Spain and Portugal. Controlling change of course will impose change of course will impose have to be taken at the followexpenditure is bound to be a strains, both immediate and long-term process.

Change of course will impose by proposing another deal long-term process.

Description of course will impose by proposing another deal limiting Britain's net contribulong-term process.

The political problem is that interests, particularly in the of saleability. This is a national farming sector; an Agreement rather than a Community prob-lem. Farmers will resist any if due allowance is made for reform of the policies or of the necessary transitional

NEXT WEEK'S EEC SUMMIT

This time, it is crucial

By John Wyles, Common Market Correspondent, in Brussels

ODAY, THE European Community enters its final countdown to next fionday's heads of government summit in Brussels. European Councils are often billed as "crucial", but this time the word may even understate the importance of the

December in Athens was the last time the Ten government leaders tried to tackle the vital issues of agricultural and budget-ary reform. Their failure was unequivocal. Another failure would not destroy the Community, but it would put it in serious

Conscious of the high stakes, agricul-ture ministers yesterday held an unprece-

dented Sunday sitting in an attempt to find the clusive compromises on Common Agricultural Policy reform, without which the summit caunot prosper. They will continue today, while foreign ministers will meet in separate session well into the evening, trying to narrow still potent divisions over how to control future EEC spending term cuts in its payments to the EEC budget.
Agreement is needed on the two
budgetary issues as well as on an agricultural reform package before the heads of government can decide the key financial issue—how far to raise the 1 per cent VAT limit on member states' payments to the EEC budget.

The EEC's budget revenues—its "own resources"—total this year Ecus 25.4bn of which just under 45 per cent is customs duties and agricultural levies. The remainder is the full 1 per cent that the EEC is allowed to levy on retail sales of a common basket ds and services in member states. All

of goods and services in member states. All but a tiny fraction of the revenues will be spent this year. (At current rates Ecus 25.4hn is about £43hn.)

The task facing all Ministers this week is twofold; to agree among themselves on as much subsidiary detail as possible, and to define the major conflicts of political interest and principle which can only be settled at the summit. The extent to which they succeed will greatly influence the summit's

prospects. The Athens debacle vividly demonstrated that heads of government founder when launched into a sea of detail,

For the past two and a half months, the ponsibility has fallen to France, as esident of the EEC's Council of Ministera to lead the renewed search for agreements aimed at relaunching the Community. Paris has put most of the emphasis on one discussions with other member govern discussions with other member governments. President Mitterrand has seen every other leader cace, and Chancellor Kohl and Mrs. Thatcher twice. The results, or lack of them, should begin to be apparent today as Ministers grapple with the three main issues set out below.

The budget: A struggle to impose tighter spending controls



BRITAIN AND West Germany have made the running on the issue of imposing tighter con-There has been strong support from the Netherlands and useful, if somewhat equivocal, backing from France. Its immediate importance derives from the unavoidable need to raise the so-called 1 per cent VAT ceiling on the EECs This will make much more

munity to spend—the Commis-sion's proposal for a 2 per cent ceiling would currently be worth an extra £8.3bn—at a time when all governments have become rather more rigorous in their approach to public spending because of their national budget deficits. EEC spending this year will be 66 per cent higher than in 1980 and agricultural spending 46

per cent higher. However, the cedures which both impose a case for the defence points out firm consent around overall that since 1980 the EEC budget annual spending and a definite has remained constant at cash limit on allocation to slightly less than 1 per cent of farming. Above all, it has been the Community's GDP while ready to contemplate an amend-national governments' expenditure has climbed from 47.1 to which would curb the 52 per cent of GDP during the Parliament's powers and put the FSC bydget solidly under the same period. Bonn worries about

impact on its own budget of the long-term growth of Community spending because it is, want to curb the European Parliament's fondness for stretching its powers to the limit and beyond so as to pile extra money into social, regional and other spending. A widespread preoccupation is

widespread preoccupation is that after enlargement, Spain and Portugal will join Greece and Italy in trying to plunder the budget at the expense of the "rich" northern member A broad consensus objectives, however, has been slow to yield the firm prospect

EEC budget solidly under the control of governments.

France sailed close to the British position just before the Athens summit but then drifted away because it would have contributor to the budget meant embracing a Treaty London is determined that extra amendment. Most governments revenue should not be will not face a confrontation swallowed up by omni-with the Parliament over its vorous agriculture. France, the budget powers just three Benelux countries and Denmark months before the Euroelections.

Therefore, negotiation has been focusing an a revised European Commission proposal which says that the Council and the Parliament should aim for a consensus on the structure and volume of the annual budget before it is drafted in detail by the Commission. This is regarded as too woolly

by the Germans, the British, the French and the Dutch since it leaves the Parliament free to disagree and to use its limited,

slow to yield the firm prospect of agreement on means.

Predictably, the UK has been the most hawkish in urging controlling the annual growth would be imposed for conchanges in practices and pro-

more promising by the financial Micawbers. It is based on everyone committing themselves to a guideline aiming at keep-ing the rise in the farm budget below the growth of budget revenues (through increased trade, economic growth and inflation).

Finance ministers would be required to share the responsi-bility with farm ministers for decisions leading to a breach of the guideline and the Council and the Commission have to try to bring spending back on to target over the next two years.

Several governments like the idea of limiting their farm Ministers' independence but only the UK is pressing for greater precision on the guide-line so that the rise in farm spending can be limited to "a given fraction" of budget

Nevertheless, agreement on budgetary control may prove easier than on other issues. Its importance is threefold: it satisfies one British condition for raising the I per cent ceiling; the Germans would be persuaded to drop their refusal to contribute in full to the costs

Without these, the gap would between Ecus 400m and 500m be expressed as the difference through a "safety net" relating between what Britain pays in its share of VAT payments and what it receives from the budget. In 1983 this amounted to around Ecus 1.68bn, compared with a net payment as measured by the British, of around Ecus 1.92bn. According to Commission ex-

perts this approach does not understate by much more than Ecus 300m the UK's net pay-ments in any of the last four

Some optimists believe that if Mrs Thatcher would embrace this system, she could negotiate a reduction of about two thirds. which would have been worth two-thirds reduction has become enshrined as a minimum British objective under the ad hoc agreements which have cut Britain's net payments (includ-ing duties and levies) from

Agriculture: the divisions run deep

THE CASE for reform of the CAP has been endlessly rehearsed and graphically illustrated by a growing number of surplus products sitting on the foothills of what is now (over France, is very reluctant, 300,000 tonnes) the largest. The net result of all this is butter mountain in the EEC's that the agriculture Ministers history. The cost of the CAP, will not agree a package caprose by 27 per cent last year without any extraneous factors such as a slump in world prices or a weak dollar to take the

The heads of government having choked on the attempt at reform, the agriculture since Athens of trying to shape agreements on the Commission's roposals of last July to curb surplus output and economise on aid to farmers and on its plans for a slender 0.8 per cent rise in farm prices.

their Sabbath yesterday, the their governments are nomin-ministers may well be leaving a ally committed to it. lot for the summit to do. This While the milk quota may be

posed on French farmers, say them taken at the summit at the expense of M Mitterrand's tical future.

quota of 99.5m tonnes. Ireland quota of 985m tonnes, Ireland, still wants as full an exemption as possible on the grounds that its entire economy would be severely damaged by the proposal for a super-levy on production above quota. Laxenbourg, Greece and Italy also want exemptions. want exemptions. Britain has been forfornly

arguing the case for price cuts on milk and other products. Its position has not been taken very seriously. British interest in economies after all, wanes when discussion turns to the elimination of special payments, such as the butter consumption sub-sidy, which are of particular benefit to the UK. Divisions are more clear-cut over how to treat Mediterranean products such as olive oil, tobacco and wine which are becoming in-creasingly costly. Northern states say the South must share in any sacrifices. The "poor" South, with some support from

would undoubtedly please M a useful first step in curving Michel Rocard, France's Farm the most costly sector, the soluMinister who has been President that for eliminating MCAs of the Council, and is a which has been cooked up belong-time rival of the French tween France and West President.

If sacrifices have to be improblems for the future.

generate farm price rises in expense of M Mitterrand's weak currency countries every standing and not his own poll-time the D-Mark is revalued and is therefore, potentially inflafor 105m tonnes this year—more than 20 per cent above actual a restrictive price policy and is requirements — ministers, still capable of further stimulating cannot agree on the quata of 97.2m tonnes proposed by the Commission. France is looking year compared to Ecus 169m for a two-year transition down which the Commission's proto this level from an initial posal would have saved.

Free choice for shopkeepers

THE Home Office's committee of inquiry into shop opening hours is proving a thankless task. With several thousand submissions to plough through, the about by a reduction in unit three-man inquiry team is not costs as extra demand is spread short of advice. But the passionate feelings on both sides more jobs could be created by about allowing shoppers more freedom to shop, especially on a Sunday, will almost certainly leave nobody happy when the ommittee finally reports in the autumn. Yet the committee should not

shy away from what could prove to be the most far-reaching decision affecting the retail trades in Britain since the abolition of Resale Price Main-tenance in 1964. The com-mittee's deliberations will in-fluence not only jobs in the nuence not only joos in the labour-intensive retail trades, but also retail prices and the structure of retailing.

There is little doubt that the committee should propose some changes to the archaic 1950 Shop Acts which was drafted at a time when work and conial

a time when work and social patterns were very different in immediate post-war Britain. Any law that has so many glaring anomalies and is openly flouted every Sunday by thousands of shopkeepers needs to be re-

Wider choice

Yet in spite of 16 successive up the most obvious anomalies about Sunday trading and allowing unfettered trading all

attempts to amend the legisla-tion it has been kept on the statute books by a curious alliance of trade unions, retailers, and religious groups. Now even that alliance is bending—but not bowing—to the inevitable pressure for reform. The choice is between tidying

more jobs could be created by the extra shopping hours. Most retailers appear sceptical that extra trade would

be generated by longer opening hours: spending, they believe, would simply shift to a different time scale. The evidence on costs is equivocal so far: retailers who already open on a Sunday believe costs are more than covered by extra volume, while trade groups such as the Retail Consortium believe costs must rise.

Impact

With these issues left open With these issues left open, the committee will no doubt study the impact of Sunday trading elsewhere. Both in Scotland and Sweden, the liberalisation of shop opening laws took place too long ago for the impact of change in the modern retail world to be easily identified.

The state of Massachusetts amended its shop hours exactly a year ago to allow for Sunday trading, albeit only after noon. Broadly, the Massachusetts experience in the last 12 months has been an increase in the total value of retail trade, an improvement in convenience for customers, and a generation of increased economic activity.

Shopkeepers should be allowed to choose their own hours of opening. There is some concern that a free-for-all would further strengthen the big multiples at the expense of allowing unfettered trading all small shopkeepers — but that day and every day, including is a wider issue and should not Sundays. Advocates of the be used as an excuse for Sunlatter course believe that it will day restrictions.

Britain's contributions: President Mitterrand's secret diplomacy that M Mitterrand is organising which limits its net payments to



REDUCING Britain's net payments to the EEC budget is believed to have been at the heart of President Mitterrand's secret diplomacy No progress has been publicly charted since to torpedo the Athens summit

Kvamme loses

taste for Apple

Apple has proved too bland a diet for Floyd Kyamme who

is leaving the U.S. personal computer company after serving just 14 months as head of marketing, and a vice-president

of the company.

He is moving to the excite-

ment of the venture capital world where he intends to become a "coach" — that is

a leader and problem solver for fledgling companies. "I deal

well with diversity," he claims.
Not that Apple hasn't been
able to throw a few tricky
problems in Kvamme's direc-

tion. In spite of being a leader in the fast-moving computer

game Apple did not have a

marketing department when Kvamme joined the company.

Putting together a team of people who could guide Apple into the world of stiff competi-tion and shifting targets has

been his main contribution to

the company, he says.
In particular he has helped

Apple face up to IBM, its giant

adversary nowadays in the personal computer market. "When I came to Apple I don't

CHARLTON

ATULETIC

"Of course, I'd play a hank manager in goal, two good

the majority around an offer of a fixed Ecus 1bn a year cut in the UK's payments (which were just over Ecus 1.9bn last were just over Ecus 1.9bn last year before payment of Ecus 750m rebate); that, by contrast, a solution is being slowly "cooked" on the basis of au understanding between the two leaders.

The only serious multilateral discussion which has taken place since Athens was in mid-february at an informal meeting of Foreign Ministers. Then.

ing of Foreign Ministers. Then, Sir Geoffrey Howe made claims of progress which rather echoed his statements before the was emerging, he said, that any solution must be durable, based of the gap between Britain's

budget contributions to relative national prosperity. In reality, there are some indications that Sir Geoffrey signalled a readiness at the foreign Ministers' meeting to negotiate on the basis of a scheme requiring a substantial concession from the This would remove

Customs duties and farming levies Britain passes to Brussels from the calculation of its net contribution. In British eyes this would not give a genuine measurement of the difference between what the UK pays to and receives from the dget. Other governments prefer it, partly because it reduces by proposing another deal limiting Britain's net contributions for two or three years.

As a result, rumours have abounded that France is deliberately engineering Mrs. Thatcher's isolation next week;

of the gap between Britain's rer it, party because it reduces the size of the gap to be bridged by reducing Britain's the size of the gap to be bridged by any solution and partly because they believe that duties and levies are collected on behalf of the Community and are not in any sense a cost to the British taxpayer.

Ecus 6.887bn to Ecus 2.39bn since 1980.

ing to Novamark, accepts that

its current corporate title fails adequately to suggest

the wide range of consumer and industrial products the company makes and sells."

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It works for people. As well as business.

Systems, a big maker of IBM compatible computers. "I taught them that there are ways of effectively competing with IBM. I've always reminded them that when you are competing with IBM you are playing in Division One — and that's where everyare from top British, Continen-tal and Israell makers, and are one should want to be playing." being sold at between £10 and £25 a pair cheaper than ruling prices in Britain.

Men and Matters

King's frame-up

were up against.

head-on with IBM.

Kvamme recalls that Apple's managers were "overwhelmed"

when they recognised that they were going to have to compete

"I told them not to lose

hope," says the former presi-dent of National Advanced

Roger King, aged 38, who worked for a multiple firm of opticians until recently, is setting out to break his old trade's monopoly on the sale of spectacle frames, even before the expected deregulation of the optical business later this year.

With personal experience of the hefty mark-ups British opticians put on frames he is undercutting their prices by handling his own importing and wholesaling through a Guernsey-registered company called, appropriately, Specsavers Interna-

He has a programme to open smart spectacle frame show-rooms in 15 cities in the coming year. His first was opened in Bristol five weeks ago, and the second in Guernsey last week.

As he cannot sell direct to
the public under British law at
present his policy is to have
a sympathetic optician adjacent to his showtoom-preferably upstairs—from whom the custo-mer can buy the frames. One of his reasons for mount-ing the operation from Guern-sey, apart from tax advantages.

is that the legal position there

there is no ban on the island on opticians advertising.
King says he is preparing for the coming free market for optical appliances in Britain.
Nevertheless, he is not keen on the idea of spectacles being sold

over chain store counters-as some opticians predict will hap-Meanwhile, he strongly refutes suggestions that he is simply offering cheap frames from Hong Kong. The 500 fashion styles he is currently featuring

Identity crisis The post has brought a request for the FT—and presumably its readers as well—to lend a fielping hand to a company wishing to shed its name for something better.

been asked to find a new name for a major British public com-pany with worldwide sales of more than £150m a year. Novamark will not say which Novamark will not say which company feels such an urgent need to change. But a few clues may be gleaned from a list of suggestions for new names which Novamark would like us to rate on a scale ranging from "good" through "average" to "poor."

Novamark International of

New Bond Street, London, has

The proposals, which all carry the suffix "International" include "Ibis, Lysander, Helm, Eagle, Quest, Tallis, Corinth, Lion, Ibex, Talisman, Leander, and Lynx."

Note the virile allusions with their Classical or zoological derivations.

Shady I Did you Andorran washout his 't bought a can must be ma films—he alw in the dark."

derivations. The mystery company, accordMuch thought at Bracken
House leads us to wonder
whether the company seeking
a new name could be LRC
International—the present style
of the London Rubber Company, which makes contracep-

think people realised what they is already less restrictive than were up against."

is already less restrictive than on the mainland. For instance tives and a wide range of other goods. LRC is in the mood for change, having announced at the weekend a regrouping of its divisional structure.

An LRC official says she has change the company's name. If not LRC who wants to be Ibis, Lysander, or Lynx . . . ?

Trade off

The mystery of why Britain's exports to Iceland suddenly doubled in 1982 has now been solved. The £102m recorded in the overseas trade statistics wrongly included £39m worth of silver goods which should have been entered among the exports to Israel.

Such errors, a Customs and Excise man tells me, occur when information is being keyed into the computer. But

don't think it's usual," he adds.
"The only other example I can remember involved confusing Argentina with Austria . . . or was it Australia?" Striking the wrong keys on

this occasion put Britain's trade balance with the Icelanders 530m in the black, when it was actually £10m in the red.
On the other hand, the sudden "improvement" caused by the correction in British exports to Israel should blunt claims that fear of the Arab boycott was keeping the level artificially

Shady hobby

Did you hear about the Andorran who was worried about his 'teenage son? He's bought a camera and I think he must be making pornographic films—he always develops them

Observer

able of keeping farm spending this year within the Ecus 16.5bm allocated to it in the budget.

M. Rocard has made little effort to require them to do so. He will probably send the summit a request for extra money and several questions quota and the future of those technically complex but politically sensitive border taxes and subsidies known as Mone-tary Compensatory Amounts: 17:303.5 With farm spending heading for Ecos 18bn-185bn the Ministers will have demon-The price package looks likely Ministers, will have demon-to be agreed. Progress on strated once again that they reform has been more difficult cannot deliver broadly-based and despite having sacrificed reform of the CAP, even when

posed on French farmers, say By seeking to align the Ecu many EEC officials, he wants to the Deutsche Mark, it will

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unsustainable pace. The apparent slowdown in the last quarter

of 1983 has been largely revised away. Few people now talk of recession in 1984, a prediction

itself based on a monetary slow-down which has also tended to

disappear as a result of statistical revision.

Dr Feldstein expects at least

6 per cent annualised growth

in the first quarter of 1984.

BRITISH SECONDARY EDUCATION

A new 'industrial revolution'

By Alan Pike

AN EXPERIMENT which could precipitate the greatest change in British secondary education since comprehensive reorganisation is gathering pace in sation is gathering pace in schools throughout the country.

The scheme is releasing a pent-up force in educational change which has for too long been held back by the examination boards, the public schools—where I have taught—and the universities," says Mr Christopher Lea, who is director of the project in Birmingham.

Clumsity named the Technical

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pla of 99.5m towns in wants as full in wants as full in each possible on the small received damages by the cation above quies at exemptions. Greece and he can texemptions.

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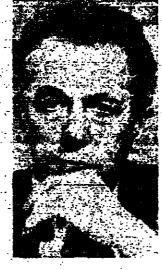
Clumsily named the Technical and Vocational Education Initia-tive, or TVEI, the scheme is run under the applies of the Man-power Services Commission. It is bringing education and industry together in ways which promise to have a radical impact on the secondary curriculum.

In Birmingham, for example, the education department is recruiting a team of industrial inters to counsel young people on the links between school and work. And in Stevenage, Hertfordshire, 15-year-olds at the

they see it to be," says Dr Ron schools, colleges and industry. Wallace, Herifordshire's TVEI of it offers, from the Manpower director. "TVEI gives an Services Commission coffers, opportunity for people both precious additional resources at inside and outside the school a time of scute financial strin-

change."

TVEL is a working model of TVEL to buy sophisticated the cost of change which Sir equipment and hire special regions, boyes to inject into the secondary curriculum. Blending the mercical and the practical the initiative aims to improve the technical instruction of 14 to 18 year olds in a way which will both conin them to the process of the technical instruction of 14 to 18 year olds in a way which will both conin them towns people a year in each of the conin them. way which will both equip them young people a year in each of with valuable employment the town's 16 schools, skills and prepare them for They select from a range of



the Education Secretary, who last month called for a school curriculum more " relevant to the real world and to the pupils'

experience of it"

the course content.

electronic instrumentation.

Dr Wallace agrees that the

were surprised to find many of their arguments accepted by

The chairman of the electrical and electronic instrumentation

"It is high time that people

outside schools were involved in talking about the needs of the curriculum. Our TVEI

course is being taught to a posi-tively agreed plan. It is not just something handed down by an examination board."

One of the most controversial

aspects of TVEI is a requirement that the skills which young people receive should

But TVEI has sparked con-troversy. There are fears that it is another government attack on local authority autonomy and possibly as undercover attempt fordshire, 15-year-olds at the town's 10 comprehensive schools work through a curriculum developed jointly by secondary schools. This has their teachers and managers from local industry.

At present, TVEI is confined to pilot projects in 14 areas. Education Authority, staying but in September the experiment with take an important strike towards becoming the norm when up to 46 more local authorities in England and wales, and five in Scotland, launch TVEI schemes.

The more that teachers of it is opening discussions on the content of the secondary curriculum, bringing together they see it to be," says Dr Ron

the content of the secondary curriculum, bringing together schools, colleges and industry. to discuss and implement gency in education. This has change."

dult life. options covering computer
The scheme, covering the studies, manufacturing techentire attility range, includes nology, modular technology, planned work experience, and electrical and electronic instrustions at local and mentation information technology, office skills and industry and trade these courses are working unions.

The charge that TVEI is a requirement that the skills which young people receive should relate to the likely needs of the education, industry and trade these courses are working unions.

high-technology education is rejected with passion by those Sir Keith Joseph. running the pilot schemes. "What we are actually doing is developing areas like per-sonal skills, group activity, communication skills and a prob-

lem solving approach which will benefit young people throughout their working and wider lives," says Mr Walsh. His school has a computer centre which is available to parents and other members of the public outside school hours and will soon, as a result of TVEL have a fully-equipped electronic office.

to Britain's schools disguised as

In Birmingham, the TVEI th Birmingiam, the TVE.

scheme includes such innovations as school shops and
restaurants run by pupils, and
the teaching of languages as a
service-industry skill is being

considered for next year.

"We are treating work as part of learning, not training our young people for particular jobs." says Mr Lea. "Our scheme totally rejects the distinction between academic while in others the public examination boards are prepar-Each subject has its own curriculum group on which representatives of education and industry meet to determine activity—which has always enjoyed a high status—and technical and vocational acti-Two leading employers in

Stevenage—British Aerospace and Dixons Photographic—have been involved in developing the curriculum for electrical and TVEI, launched only last September, has already had one success which could not be taken for granted. Parents, traditionally reluctant to allow their children to be used in industrial representatives were educational experiments, seem to have had no trouble accepthighly critical of some of the first curriculum proposals. That was part of the purpose of involving them. I think they

In Britain, the debate about the proper relationship between schools and industry is older than compulsory state educa-tion itself. Sir Keith Joseph revived that debate last month by calling for a school curri-culum more "relevant to the curriculum group is Mr Ken Walsh, headmaster of Heathreal world and to the pupils' experience of it." He now incote, one of the town's TVEI schools. He welcomes representends to begin a consultation exercise to find out exactly tatives of industry helping to decide what happens in the what employers want from

> TVEI will be held out to him as a central part of the answer.
> The Confederation of British
> Industry has already said that
> development of the scheme
> is one of its priorities
> for improving relationships
> between industry and schools.

When Sir Keith begins analysing the results of his consultation exercise, he will discover that TVEI has already given a lot of people in education and industry the opportunity to speak the same

LAST WEEK I took the advice of well-wishers who urged me to spend more time with hard-nosed financial types in New York, instead of officials and policy academics in Washington. Yet, in Wall Street itself all eyes are on Washington—on what Congress will do about the budget, on what Federal Reserve chairman Paul Volcker will say next, and, increasingly, whether Gary Hart will prove to be the great white hope who will trim military spending while avoiding the anti-market bias of Walter Mondale and his union backers.

Indeed, it was suggested that I should write an article com-paring Senator Hart to David Owen, a proposal which takes too many hurdles at one jump. At any rate, it will be interesting to see what happens in the financial markets if Senator Hart has a triumph in tomorrow's batch of primaries, known as "Big Tuesday." Nevertheless, the predomin-

ant Wall Street mood is concerned, even jittery. The outprices and the dollar, the rise in gold and sensitive commodity gold and sensitive commodity prices, which are watched closely, not only by gold bugs but by Mr Volcker himself. Behind it all is an adverse change in inflationary expectations. There is complete agreement that consumer price inflation will rise from its present year-on-year increase of 4 per cent and the arguments are about how much. Optimists expect it to rise to 5 per cent this year. Moderate pessimists expect it to reach 6 per cent and climb to perhaps 8 per cent in 1985, and then be checked, if at all, by recession.

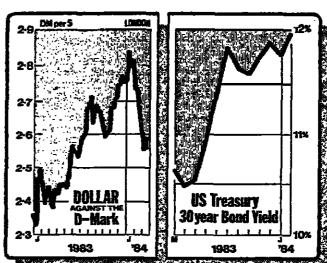
On short-term interest rates. the spread of moderate views for 1984 ranges from a fall of 4 per cent to a rise of 2 per cent. But, unfortunately the latter limit expresses more in banking consensus on what the international debt situation will stand than the requirements of monetary policy. There is some wishful thinking in the financial community about the Fed having returned entirely to an interest rate policy. Talking to Fed policy makers, the mood after the velocity disturbances of the past couple of years is "sleady as she goes." Help has been given to the money market over the transition to con-temporaneous reserve accounting. But from now on it is up to the market to take the Federal funds rate where it will. Or so it is said.

Of course, the Fed has a let-out in the interpretation of steady as she goes." Members of the Fed open market committee differ on the appropriate monetary variables. For the first quarter of 1984 they are all likely to be near the target ranges. But nervousness on international debt - fanned

The U.S. Economy

Wall Street gets the inflation iitters

By Samuel Brittan



Bipartisan Budget Appeal. The

latter is an anti-deficit com-mittee of former Treasury

According to the committee, deficits in the 1980s will climb

and would climb to \$275bn even

if the President could put through his own preferred pack-

thou listening there on the cam-

paign trail?)
The immediate impact of the

anew by Argentina's sailing close to the wind in delaying first quarter interest payments —will reinforce those in the Fed currently suggested if it is to make a major dent in the deficit. The Administration's own prowho want to avoid an interest rate flare-up in an election year. \$200bn right through the 1980s, So short-term rates may move less than the monetarists might if no agreement is reached with Congress on cuts. But they are think proper, but more than based on extremely optimistic most bankers and market comassumptions about growth, inflation and interest rates, which are disputed both by the Conmentators expect or approve. Pre-occupation with the exact psychology of Paul gressional Budget Office and the

Volcker has reached almost morbid proportions. One analyst financed a study of stresses in Mr Volcker's voice for signs of insincerity as he testified to Congress and came to the conclusion that the Fed chairman was less hawkish than he appeared. Another analyst made a vocabulary check and noted new signs of urgency in Volcker references to the strength of the recovery.

It requires no deep psychology to understand why such people as Paul Volcker and Martin Feldstein have been ringing the alarm bells so vigorously in Washington. The months up to the end of May provide a "legislative window"; i.e., the last time when Congress can do anything serious about the budget before the party conventions and the presidential election envelope everything

else. has been rising fast, but to Mafia hotel in New Fiscal action will have to be fuel economic recovery to an Italy in the 1950s.

Capacity utilisation has risen to near 80 per cent. This is not far from the 83 per cent at which many economists ex-pect inflationary bottlenecks to appear. Some strains are re-ported already. Unemployment has fallen to 8 per cent and looks like reaching 7 per cent before the end of the year. The latter corresponds with many estimates of the NAIRU or rate below which inflation accelerates indefinitely.

An economic model which stresses that inflation depends on the rate of change of demand and capacity utilisation, as well as on their levels, has no difficulty in explaining rising infla-tion even without bringing in the dollar. The recent fall in the dollar of 5 to 10 per cent hardly needs an explanation, given the \$80bn current account deficit and the

deterioration in U.S. competitiveness. The puzzle is rather why it rose so much. The bal-ance of payments gap is no longer being met by net long-term inward investments, but by short-term and banking flows. The dollar must move to whatever level is required to attract this near-hot money. A current fashion is to regar

a fall to between DM 2.40 and DM 2.50 as a healthy correction, a range not quite yet reached. If the dollar fell to anything like DM 2.10 or DM 2.20, both Wall Street and many policy-makers would become alarmed. The event most feared by dollar-watchers is a surprise improvement in presidential prospects for Walter Mondale, who has espoused dollar devaluation on lines reminiscent of Michael Foot and Peter Shore over sterling, or some sign of age or illness by President Reagan which would make the electorate nervous. But a more purely financial factor accounts for the downside risk. long-sought thaw in U.S. real interest rates has occurred not because of a thaw in cuts, which Congress will not not because of a thaw in have. As Tony Solomon, the nominal rates, which have in New York Fed president, said fact hardened but because of a

last week, a major cut in deficits rise in inflationary expectations. would require a combination of unthinkables: higher taxes, a P.S. An example of the jittery mood in New York is that Italoslower rise in military spending, revised social security entitle-ments, and less fiscal help to interest groups. (Gary Hart, art American leaders have pro-tested at the forthcoming visit to the Metropolitan Opera House of the excellent English National Opera's Rigoletto-one of the few modern settings The immediate impact of the which really works—because deficit has not been to crowd they are offended that Rigoletto out business investment, which is shown as a barman at a has been rising fast, but to Mafia hotel in New York's Little

Radiopaging and competition

Director, Air Call.
Sir.—With reference to your article (March 5) reporting the Office of Fair Trading's decision on British Telecom radiopaging it is not true that private companies can now compete fairly with British Telecom services. The Office of Fair Treding took three years to investigate and come to a conchision. In that time, British Telecom radiopaging service expanded seven times, now dominating the market with

over 75 per cent.
Taking its income today with such an overwhelming market dominance is not a fair trading yardstick. The cost of ring this dominance

through expenditure without limit for several years, on sales promotion, capital out-lay, engineering and trunked facilities should have been in-According to the Govern-

ment no separate accounts exist for the different services with-British Telecom on which Office of Fair Trading could ase any decision.

The first direct connection of

a competing service occurred in November 1983. Even now all

November 1983. Even now all users of the private service have to pay for their telephone calls—British Telecom subscribers do not.

Rental of pagers appear on telephone bills. We are told separate billing will occur "as soon as practicable." When will this be, we wonder? Three years to investigate, how long to reality?

to reality?

Probably the most frightening aspect of this whole saga, is the fact that the OFT can carry out an investigation under Section 3 of the Competi-tion Act 1980 but it has no power to force British Telecom

176-184, Vauxhall Bridge Road,

The case for From Mr H. Edwards.

Sir—Mr Mellor (March 6) proclaims the case for barter by the over-horrowed countries. There are obvious economic arguments against the pros-pects for barrer or, more correctly, countertradein the rich countries does not exist or will soon be saturated, domestic firms will compete successfully rather than lose sales, and if there were a real market for the foreign product it would have been imported

earlier, etc.
Nevertheless, LDC governments must try to feed their
ments must try to feed their starving millions and will maximise the short term opporlunity to force their products

Letters to the Editor

lose an order through the un-willingness to accept counter-trade. Before concluding prices, exporters can turn the unvanted purchase contract over

wanted purchase contract over to a specalist barter house of negotiate the purchase and its disposal themselves.

The risks to profit can be insured via a specialist credit insurance broker who will also provide advice on the separate for expect important. contracts for export, import and disposal.

For the time being anyway, the companies and countries maintaining market share in exports will surely be those accepting the need to counter-trade willingly and expertly. H_ Edwards, 65 Park View, Hodderdon, H

Engineering traming

From the Vice-Chairman and
Chief Executive, A.I. Welders.
Sir,—As a long-time member of engineering employer
associations, I confess bewilderment at the recent
Engineering Employers Federa-

tion announcement, claimed to represent the attitude of its members towards the engineering industry training board This official response to EITB

consultation is a rag-bag of constructive and destructive criticism, of praise and outright dampation. It is without shape or form and in the end arrives at no clear conclus The recent approach of 13 large engineering companies to the Secretary of State, arguing the case for the abolition of the board, is not a pointer to the view of most federated com-panies and must not be allowed

to cloud the issue. Only seven of these were EEF members and they each enjoy well-established "in-house" training departments which can serve their resent and future needs their present and future needs

more than adequately.

Not so the majority of small and medium companies on which the strength of the

industry depends.

During the lifetime of the EITB, directly and indirectly, I have held overall executive responsibility for the management of some 40 companies, ranging in size from 50 to 5,000 employees and located in widely spread parts of the UK. During that time I cannot recall one instance when the attitude of EITB staff or the quality of their work has been at issue. On the contrary, their contribution to the training of craft | centage of GDP.

tentiv overruit its i UK exporters should never and technician apprentices has see an order through the unstandards of training unsur passed, I believe, by any other This is not the policy that was promised the nation in 1979, major industrial country in the west. Far from finding them

to be "bureaucratic, imperious and intrusive," we have found them to be practical, helpful and supportive. The federation is, however, right to insist that the board become more cost-effective and be confined to its well-established role of craft and techni-cian training. It is right also to call for changes in the grant and levy system, a reduction in the board's policing role and the improvement of its capacity to deal with advanced technolo-But it must now state clearly its views of the board's future. Is it to be retained and its

targets must be made to enable to be killed and the future training needs of the nation's largest industry thrown into the political melting pot and the waiting, octopus arms of the manpower services commis-If the outcome of the federa-tion's present indecisiveness leads to the latter course, the industry will suffer a dramatic debasement of training stan-dards, since MSC lacks both understanding and background

understanding and background and is still struggling with its present burdens. In a relatively short space of time the size and contribution of the industry will be diminished and, further, irrecoverable damage will be done to the country's wealth-creating base. Let common sense prevail, Let us now give backing to the board and restore the morale and effectiveness of its staff; a body of men and women whose capabilities have been so documents. whose capabilities have been so grossly and unfairly maligned in the past two or three years.

B. C. Hilton, Academy Street, Inverness.

Investing in the infrastructure Front the Director,

British Road Federation Sir, - Semuel Brittan, in his

discussion of the forthcoming Budget (March 3), argues that with growth likely to exceed 3 per cent, there is no argument for giving the economy a stimuhis or departing upwards from the planned PSBR path. I would have had more sympathy for this view were it not for the way that the Government has tackled the policy objective of reducing the PSBR as a per-

has come about only through massive reductions in public-sector capital expenditure, since current expenditure has consis-The latest public expenditure White Paper shows that the Gov ernment intends to continue this approach in 1984-85. In effect the public sector has only reduced its borrowing by reducing its investment, particularly in housing and infrastructure.

The success achieved to date

and it is not the policy which ing if it is seriously expecting the economy economy to move to a higher long run growth path. A faster rate of growth will place added pressures on an infrastructure which is already widely regarded as shabby and inadequate. The essence of any investment policy, whether in the public or private sector, is to invest today in order to meet the challenges of the future. Infrastructure cannot, in the main, be provided by the private sector, and so the onus to invest must be with the Government A limited relaxation of PSBR

this to happen. If invested sensibly, this borrowing would faci-litate the prosperity of the private sector, not threaten it. The additional borrowing would not be large in relation to the major financial flows in the economy.

It would not represent a major change in fiscal stance, threaten monetary control or, if presented in the correct way, in-crease inflation expectations. To this end some means must be found of presenting coheren information about the public sector's existing capital assets the range of new investmen opportunities and the financing plications of investm policy, in the Government's public expenditure and budgetary

This is not a suggestion that creative accounting should be used to justify a reflationary fiscal policy: it is designed to provide the framework for a rational debate about public in-David Gent.

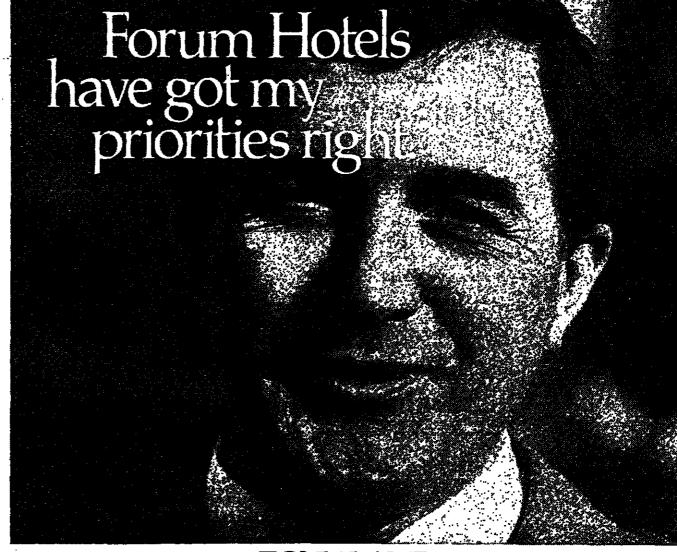
Cowdray Hous 6, Portugal Street, WC2.

Vacancies at Sainsbury's

From Mr R. Clark Sir,—Your piece in Men and Matters of March 9 highlighted an undeniable mistake on our

Currently, we have unfilled vacancies in the south of England for "A" level trainees but we welcome applications for these jobs from anywhere in the country. R. A. Clark,

J. Sainsbury Stamford Street, SE1.



TONY LAMB. Technical Director, Winkfield Row.

"As Technical Director for my company, I'm constantly moving around Europe. The hotels I prefer are smart movers, too. When I check out, I want a bill not a queue. And I appreciate a direct-dial phone, and the chance of a late-night snack in my room.

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FINANCIAL TIMES

Monday March 12 1984



Terry Byland on Wall Street

Banks firm against the trend

THE merciless shake-out in Wall Street's industrial stocks continues to overshadow areas where investment confidence - and stock prices - have resisted the overall downslide. Bank stocks, which underperformed the stock market last year for a host of only too easily identifible reasons, now stand out strongly against the general trend.

Against the trend is not saying all that much after the huge set-back in equity prices since Christmas. Some of the leading whole-sale, or money-centre bank stocks have done little to shout about since January. But just to hold steady over a period that has seen the various market indices in rapid and sometimes near unstoppable retreat is no mean feat.

The first three months of the year have seen something of a reversal of last year's trends in bank stocks. Money-centre bank stocks are beginning to recover investment favour, which was switched to the regional banks' issues last year because of their relative lack of exposure to the international debt problems.

Since the beginning of the year, stocks in Chemical Bank of New York, Irving Bank and J.P. Morgan have all shown significant increases, while Security Pacific has fallen by nearly 10 per cent, almost equal to the setback in the Dow Jones industrial average over the same period.

Measured against the fall of 6.5 per cent so far this year in the Stan-dard and Poor's 400-stock index, Chemical Bank has gained 2.4 per cent and J. P. Morgan 2.6 per cent.

Benk	Price (S)	P/E
Bankamerica	20%	10
Bankers Trest	45%	5
Chemical NY	461/2	5
Irving	58%	6
J. P. Morgan	69%	7

S & P 400 rating: 174.18 average: 9.5

The improvement in bank stock ratings reflects a generally favour-able reception for the 1983 results from the big names, which showed earnings and profitability somewhat better than expected, together with a more optimistic view of the outlook among Wall Street bank an-

alysts.

The successful completion in late
January of the \$6.5bn loan for Brazil played a leading role in a signifi-cant easing of tensions over the banks' Latin American debt problems, although Argentina is now giving cause for concern.

The prospects of a serious default in Latin America seem to the analysts to have lessened since the middle of last year. Moreover, the money-centre banks bolstered their loan loss provisions at the end of 1983 - not as much as some analysts would have liked but enough to put the sector's reserves at their highest for 10 years.

Among the regionals, the worst of the energy loan disasters is prob-ably over "again", comments Mr Mark Alpert of Bear Stearns. Last year's write-offs, which were still above average, at least left behind a substantially improved reserve po-

This improvement in Wall Street's perception of bank stocks may not yet have been fully taken into stock prices. Bank stocks traditionally trade in the stock market on price earnings multiples showing a discount to those on industrials, as measured by the S&P 400 in-

dex.
This discount widened substantially last year when earnings pros-pects were under a cloud, and the recent trend of the sector still leaves it wider than in the past.

Chemical Bank trades on a p/e only 53 per cent of that on the S&P 400, and Citicorp only 63 per cent. With the rest of the money-centre banks trading at around six or seven times earnings, against 9.5 times for the S&P index, the whole sector seems to be slightly undervalued by the traditional market standards.

Moreover, current ratings are taking little account of profit forecasts for the current year. Bear Stearns is looking for an earnings gain of 7.9 per cent from the sector

gain of 7.9 per cent from the sector this year.

With the market now taking a cooler view of earnings prospects for industrial companies, bank stocks may still be on the low side. Soaring short-term interest rates have become a problem over the past fortnight, since they increase the cost of funds to the banks. But that might be put right very shortly by a general rise in prime rates.

The U.S. banks are by no means out of the woods yet, but the firmness of the stocks over the past two months indicates that Wall Street is prepared to take a positive view of the sector's past difficulties.

MONDALE FACES CRUCIAL TESTS TOMORROW

Wyoming gives Hart new boost

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

SENATOR Gary Hart's presidential cent and Mr Hart with only 7 per campaign received a further psychological boost at the weekend with his first clear Western victory over former vice-president Walter Mondale, his leading rival for the urday's party caucuses in neigh-bouring Wyoming against only 36 per cent for Mr Mondale.

Mr Mondale's supporters claimed that their candidate's showing had been better than expected in a state he had never hoped to win. Mr Hart's victory, however, served to maintain the momentum that has sustained him since his defeat of Mr Mondale in the New Hampshire primary just under two weeks ago.

Fresh evidence of what has become known as the Hart "explosion" was provided yesterday by a Democrats nationally. Two weeks

South Africa's oil industry and a

near total clamp on disclosure of any aspect of the country's oil sup-

plies are proposed in draft legisla-

In terms of an amendment to the

Petroleum Products Act, the Minister of Minerals and Energy Affairs

will be able to regulate or prohibit

any practice affecting the cost of pe-

troleum products or the cost struc-

ture of any company in the oil in-

Strict censorship already applies

to oil-related matters, but the new

Bill extends the curbs to include

any written or oral release, an-

nouncement, disclosure and even

comments on such topics. Films.

An oil industry official said yes-

any transaction about petrol or oil

tion published at the weekend

Among voters of both parties, the

poll showed President Ronald Rea-gan beating Mr Hart by 44 to 40 per cent, a reversal of a Gallup poll pub-Democratic candidacy. Mr Hart lished on Friday, which for the first took 60 per cent of the vote in Satgan by 52 to 43 per cent - among an admittedly small sample of voters.

All five remaining candidates now face a crucial test in the nine state primaries and caucuses tomorrow when Democrats will choose more than 500 out of nearly 4,000 delegates who are to attend the party's convention in San Francisco in July.

Mr Mondale spent the last week

energetically campaigning in the South, where he hopes to turn the Hart tide in Tuesday's three key primaries in Florida, Georgia and Alabama. He has to show that he CBS-New York Times poll, which can still be a winner in the South if gave Mr Hart a 38 to 31 per cent he is to rescue his once formidable lead over Mr Mondale among campaign from collapse.

The latest Washington Post earlier, a similar poll showed Mr ABC News poll, published yester-Mondale running away with 57 per day, showed Mr Mondale mounting

No official explanation has yet

been given for the new restrictions.

The Bill will probably be debated in

parliament within the next week or

closure in recent years of several

costly transactions which have deeply embarrassed the South Afri-

can authorities. The Government lost R30m (\$25m) in the celebrated

Salem oil fraud in 1979, involving a

tanker which secretly discharged a

cargo of Kuwaiti crude in Durban

before sinking mysteriously off the West Coast of Africa.

The Government also admitted

late last year that it paid several million rand for use of the "sniffer

plane" exploration technique deve-

The oil-from-coal producer Sasol is

cal businessmen. The case is ex-

The tighter curbs follow the dis-

South Africa plans new curb

on oil supply disclosures

he appeared to be narrowing the gap on Mr Hart's 41 per cent.

In Alabama, which Mr Mondale has predicted he will win, the poll showed him leading by 38 to 28 per cent, and a local survey gave him a modest lead over Mr Hart in Geor-

Mr Patrick Caddell, Mr Hart's principal campaign strategist, yes-terday predicted that Mr Hart would win several of tomorrow's nine polls. His candidate had a "decent shot" at Florida, and would probably win Massachusetts, where the polls show him considerably ahead of Mr Mondale, he said.

Mr Hart was "moving" in Ala-bama and Georgia, Mr Cadell said, but he was not sure if there was enough time for him to overtake Mr Mondale's lead. Mr Mondale has been concentrating heavily on Alabama and Georgia in the last few days, travelling to Plains, Georgia, on Saturday for a highly publicised barbecue lunch rally with former

The Government has insisted in

the past that secrecy is essential be-

which the bulk of South Africa's oil

supplies are bought in the face of a

boycott by Opec producers. The se-

crecy of buying and shipping opera-tions has been extended since the

revolution in Iran, which used to be

South Africa's biggest oil supplier.

the outskirts of Ermelo in the East-

ern Transvaal was extensively dam-

aged by a series of bomb blasts ear-

ly yesterday. Police said sabotage was suspected, and it seems likely

that the attack was carried out by

guerrillas of the African National

Ermelo is about 120 miles from

the South African-Mozambique border, where leaders of the two coun-

tries are expected to sign a non-ag-gression pact next Friday.

Way clear for Namibia talks,

Congress (ANC).

Meanwhile, a Mobil fuel depot on

a strong challenge in Florida, President Jimmy Carter in his where, with 33 per cent of the vote, home town.

Behind the two leaders, both Senator John Glenn of Ohio and the Rev Jesse Jarkson are looking to day's vote in the South to retrieve their flagging campaigns. Mr Glenn yesterday forecast that he would do better than expected in the South, while Mr Jackson said he confidently expected to win Ala-

Mr Jackson could damage Mi Mondale in the South by taking black votes that would normally go to Mr Mondale as the most liberal of the Democratic candidates. In his latest southern swing, Mr Mondale has been trying to establish that it is now a two-man contest between him and Mr Hart, implying that votes for Mr Jackson or Mr Glenn will be wasted.

Mr George McGovern, of South Dakota, the only one of the five re-maining candidates still to, have acquired no convention delegates, is looking for a strong showing in Massachusetts. Failing that, he has said, he will drop out of the race.

HK banks cut prime 1.5 points

By Robert Cottrell in Hona Kong

HONG KONG banks have cut local interest rates by 1.5 percentage points, lowering the prime lending rate to 8.5 per cent. The cut, the fourth this year, means that the lo cal prime is now a little over half the recent peak of 16 per cent reached in October 1983.

The current prime rate is the territory's lowest since November 1978. It is also half a percentage point lower than the 9 per cent average inflation rate officially fore cast for Hong Kong in 1984.

The Hong Kong Association of

Banks, which is the territory's interest-rate cartel, says the cut, an nounced on Saturday, reflects the continuing availability of cheap money in Hong Kong's inter-bank market. Overnight rates have often dropped as low as 2 per cent in recent weeks.

Some of the market's liquidity may have been attributable to speculation that the Hong Kong dollar may be revalued upwards against the U.S. dollar, if the latter contin-

Speculators do not appear to have been entirely discouraged by the budget speech on February 29 when Sir John Bremridge, Hong Kong's Financial Secretary, said he "would not lightly alter" the pegged rate of HK\$7.80 to the U.S. dollar which has prevailed since October 1983.

The cut in interest rates, if sustained, will provide an attractive cli-mate for a forthcoming HK\$1bn (U.S.\$128.2m) Hong Kong Government bond issue, due late this month. In the private sector, the benefits of a lower prime rate will be felt particularly among the territory's many overborrowed property development companies.

Marc Rich charge is dropped

Continued from Page 1

markets. It recently concluded deal involving what is believed to be the world's biggest single exporshipment of ferrous (steel) scrap from Liverpool. The freight cost alone is nearly \$1m. A cargo of nearly 45,000 tonnes of scrap, estimated to be worth some £3m (\$4.4m), left Liverpool last month on the MV Aqua Glory for South Korea and Japan.

The scrap was bought by the Marc Rich group from merchants in Britain for delivery to Liverpool where it was assembled for ship-ping to the Far East. The surplus of terrous scrap in Europe at present makes it possible to sell profitably to the Far East in spite of a freight rate of about \$22 a tonne. Big cargoes are needed to make the trans action worthwhile.

The Marc Rich group also continues to be heavily involved in oil trading, its main source of income It is believed recently to have chartered a giant tanker, the Cougar, carrying 280,000 tonnes of oil from Kharg Island, Iran, to the Red Sea. It'is believed that four fifths of

the group's total business is outside the U.S. and that, in many cases, business involving U.S. transac-tions is being channelled via "friendly" merchant companies. But business has been hit badly

in the U.S. Clarendon, the former Marc Rich subsidiary in New York, has been forced to reduce its activities to such an extent that some 200 employees have either left or been transferred elsewhere in the group.
Only a skeleton staff remains. THE LEX COLUMN

The Chancellor deals his hand

Mr Nigel Lawson has been drafting his budget proposals on a piece of paper as clear of awkward politi-cal and economic marginalia as any could wish for. At the beginning of a second term, and with a thumping parliamentary majority to support it, the Government enjoys remarkable freedom of action. The Chancellor can also take

comfort from the financial markets. Equities stand at record levels, Barclays has just nudged the money markets towards lower rates and gilt-edged, deaf to the sirens on Wall Street, are stable to the point of boredom. Even sterling, which this time last year was being buffeted by the slide in oil prices, stands at a level against both the dollar and the EMS which must be broadly acceptable to the Treasury.

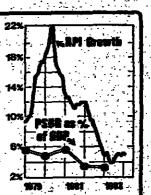
Mr Lewson is not, by all accounts, the kind of man to let such an opportunity pass by. It may therefore have been a source of some frustration to him that the budget has been anticipated - at least in terms of its overall fiscal impact - with less than whole-bearted rapture. This is partly attri-butable to the elevation of the Autumn Statement and White Paper (policy document) on Expenditure as indicators of Government policy. and also, no doubt, to the welcome structural straitjacket of the medium-term financial strategy (MFFS).

But this year, more than most there is in addition a widespread conviction that the Chancellor's best course of action would be to sit. on his hands. The outlook for tax revenues, and North Sea receipts in particular, is strong enough for the Chancellor to aim at a PSBR target of under £8bn in 1984-85 without any significant increase in the fis-

Neutrality Even allowing for the arithmeti-

cal distortions introduced by asset sales and the optimism of the Treasury's spending assumptions, a neutral budget would probably conform with most of his fiscal objectives. Arguably, policy is already too loose witness the persistent buoyancy of consumer spending – but the recent disappointing figures for unemployment and vacancies will give the Treasury little incentive to

Nor is the Chancellor expected to change course on monetary policy. Targets for the wider aggregates



phasis attached to individual aggre-

gates. Mo, the measure of narrow

money singled out by the Chancel-

lor last autumn, should win its

spurs as a targeted aggregate, while

the other narrow measures may be

sight accounts may encourage greater attention to the broader

The markets will probably re-

serve judgment on Mo until its put-

ative role in determining short-

band for its new, and rather way-

base of the clearing banks have en-

the abolition of relief on new prem-

iums to launch a last-minute adver-

tising campaign, while, as a defen-

ward, friend.

on savings is anomalous, to put it no more strongly, and anyone bold enough to tackle it should be greet-ed with a rousing hallelnigh in the ed with a rousing naturation in the House of Commons: Yet, as the Treasury and the Inland Revenue are only too aware, fiscal distortion is not only a time-honoured tradi-tion but a problem which cannot be attacked plecement. (bonds

Savings pool

such as a reduction of stamp duty or abolition of the investm come surcharge - which could be implemented at a stroke without sending too many ripples through the overall savings pool. But more radical steps - such as an attack on the other narrow measures may be funds - would need to form part of a quietly returned to the Treasury for considered strategy and would take an overhaul. Meanwhile, the protime to think through It would ingressive transfer of savings from
any case be intreasonable to expect
bank deposits to building society life funds, for example, to adjust to
sight accounts may encourage their privileged world overnight. PSL2 at the expense of sterling M3.

But, even if the budget turns out to be not much more than a state ment of principles to be followed by a mountain of green paper, a real chance to clear the fiscal decks will term interest rate policy has been have been seized. The markets, tested in any event, the Treasury alerted to these dangers by the will presumably err on the side of carriage wronght at the short end of caution by declaring a wide target the gilt-edget market by the Inland Revenue a fortnight ago, have been

Theoretically, tomorrow's budget could be one of the dullest for years. So long as the Chancellor is just In reality, however, that would be playing Robin Hood and taking most surprising. The recent tex salprivileges from institutions to fivoes at the gilt-edged profits of name a better deal for individuals, building societies and the deposit there seems little reason for the general price level in the equity or couraged expectations of a wide-ranging redistribution of texes on fixed-interest markets to be affected. At best, they may gain some savings. The life assurance sector confidence from evidence of a less has become worried enough about interfering approach by the Gov-And, even within sectors, the ef-

fect of tax changes may be ambiguous. While there is no doubt that life companies would suffer in the long run from loss of relief, a onceoff fall in the rate of surrenders would do wonders for first year

the mooted trade-off between con-

Newman-Tonks

66Group trading for the last three months was in fact ahead of budget and I believe this pattern will continue subject to any unforeseen circumstances. ??

Michael L. B. Wright - Group Chairman

* Despite difficult market conditions the engineering company which manufactures 'Briton' hydraulic door closers and emergency exit hardware increased its profitability.

Hardware benefited from the capital injection we have made over the past few years and has reported satisfactory profits. * Jeavons Engineering's trading results since its acquisition have been similar to the previous corresponding period. * Radway Plastics manufactures PVC products including windows and doors and has increased its profits quite substantially.

* Hudson Edmunds, the non-ferrous extrusion and tube plant located in Sheepcote Street was consolidated on to the Golds Green site in West Bromwich and the benefits from this integration will accrue in the current year. * The acquisition of Bestobell Home Appliances Limited.

and the consolidation of production of the Parkamatic and Maxmatic range of waste disposal units is proving to be a successful combination. * J. S. Wright & Co. is now making satisfactory progress and

will make a better contribution this year. * Overseas, Monarch Hardware and Manufacturing, U.S.A. has exceeded its profit budget and the order book is healthy.

Results in brief	1983 15 months to 31.10.83 £000	1982 12 months to 31.7.82 £000
Turnover	61,873	47,118
Profit before tax	3,458	2,708
Dividend per share	6.375p	5.1p
Earnings per share	9.89p	7.95p



Newman-Tonks Group p.l.c. Hospital Street, Birmingham B19 2YG

Bonn attacks 35-hour week

photographs and pictures will also loped with the support of the be forbidden without ministerial approval.

French oil group Elf and subsequently discovered to be a hoax.

terday that the Minister "can now currently defending a legal claim of

step in to regulate, monitor or veto at least R90m brought by several lo-

BY RUPERT CORNWELL IN BONN

THE BONN Government has come out harshly against the union cam-paign for a 35-hour working week with no corresponding cut in pay as West German industry braced itself for a wave of "warning strikes."

Count Otto Lambsdorff, the Economics Minister, speaking yester-day during a rally before the Baden-Württemberg state election on March 25, insisted that the unions must be ready not to strike but to compromise - or see jobs destroyed. A 35-hour week (a 40-hour week is presently normal in industry)

would hurt unemployed and em-ployed alike, he said.

A 35-hour week means a return

to the six-day week," be said. Plants would have to operate longer to

and the employers have produced no obvious result so far.

Talks on new pay settlements at a regional level, especially in the key engineering sector, have failed to gain movement from either side - in public at least. At the end of last week, IG-Metall, the union at the front of the campaign for short-er hours, said that brief warning strikes would be held from today at certain factories.

Even so, there have been new

meet demand. The injunctions from sionable age to 58, instead of 59 as Count Lambsdorff, Chancellor Kohl first planned. Count Lambsdorff made clear

this weekend that early retirement the 35-hour week. However, he did not rule out the possibility of a cut in hours, provided that that did not add to the costs of industry. Union leaders have indicated that

a smaller cut in working hours might be enough to satisfy them. late quickly.

hints at a possible compromise. The Government, not without difficulty.

should be seen as an alternative to

Despite the rhetoric, everyone is well aware that a battle might esca-Even the SPD opposition, after initially backing the unions' de-

is seeking to improve its draft early mands, has been conspicuously retirement bill, to reduce the pen-quiet on the issue lately.

UK miners divided over strike BY DAVID GOODHART IN LONDON AND MARK MEREDITH IN EDINBURGH

COAL MINERS in South Wales yes-

The attempt to usher in national

industrial action over pit closures

area by area - thus by-passing the need for a strike ballot - has now virtually collapsed. England yesterday backed strike action and most pits in Yorkshire will probably be closed this morning, but other areas have either rejected the strike at executive level

or - like Nottinghamshire - have

backed a ballot.

terday dealt a further blow to the leadership of Britain's National Union of Mineworkers by firmly rejecting their area executive recomwhile about six pits - with 3,700 workers – voted for a stoppage. The outcome at the remaining six pits

will be known today.

Among pits voting against the

year voted by a large majority for strike action during the national

stoppage were three recently pin-pointed by the union as likely tar-gets for closure. South Wales last which have decided to ballot their

The decision by the traditionally ing the weekend. About 2,650 men before Friday's decision to call an area strike. The National Coal Board said yesterday miners at seven other pits might work. Pickets are expect-

ed in Scotland at Polkemmet and Bilston Glen, south of Edinburgh. Pickets from Yorkshire might al-

members on action.
In a Mori poll for a weekend teleballot. vision programme miners in York-There is considerable uncertainty about how many of the 14,000 Scot-cent to 20 per cent while those in tish miners will strike today after Nottinghamshire rejected it by 53 violent arguments at meetings durper cent to 39 per cent.

World Weather

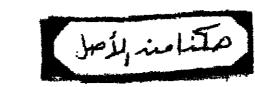
Brazilian steel faces U.S. duties Continued from Page 1

accepting a bad deal that might affect its negotiations with other countries. Duties that will now be imposed on Brazilian steel are likely to increase the price by more than 27 per cent

The problem for Brazil has been made even more serious by the Commerce Department ruling on Friday that the U.S. steel industry has suffered injury as a result of Brazilian dumping. That will bring tariffs into effect, and the combination of the two is expected to shut Brazil out of the U.S. market.

sive measure, the clearing banks were last week piling tax liabilities into their preliminary statements as if leasing had never been invent-Moreover, the Chancellor has an opportunity at last to elucidate the From the standpoint of the equity market, the darkest horse of all is broad strategy of the second term -something which the financial markets are still struggling to grasp. If, as expected, the medium term is abatement. Any significant move redefined as a five-year period, the here could clearly damage the retmarkets should at least have some ings of capital-hungry companies to are already enshrined in the MTFS and a growth band of 6-10 per cent for both sterling M3 and PSL2 is likely to be endorsed in the budget.

Of more interest should be the emforces of the first instance, however, the focus of attention will be on fiscal bury switch.





form. The present street is sayings is anomalised in several straints in several strongly, and are sought to tackle it should be sought as the latest be sought too aware, inside and conjugation are sought too aware, inside not only a time! on but a problem which Lacked piecemeal

avings pool

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

PENEZSITY OF JORDAS

Monday March 12 1984



Belgians

boycott Paris-led **Ecu bonds**

By Our Euromarkets Staff TEMPERS have been fraying in the European currency unit (Ecu) bond market and last week they exoded. Because most Ecu bonds end up

in the hands of investors in the Beneiuz area, Belgian banks are in the best position to place the paper. The three biggest Belgian banks
- Kredietbank, Banque Brucelles
Lambert and Societé Générale de Banque - meet regularly to draw up an informal schedule of new Ecu issues for the coming weeks. They claim to have enough clients to satisfy investor demand for Ecu paper.

ment fees for themselves. The problem is that French inks, too, want to lead Ecu bonds. But they take no part in the calendar-setting and, according to Bel-gian bankers, expect the Belgian banks to do their placing for them. As a result, the Belgian banks last week hoycosted issues for PKBanken and the EEC. And cynics suggested that the recent floating rate note deal by Credit Comercial de France for Megal was designed to get round the ban.

while collecting the lead-manage-

It is convertible to a fixed-rate bond within the next nine months, and since the coupon on that bond -11% per cent - seems reasonably attractive at today's rates, it is widely expected that most bondholders will convert, But because it is technically a floating rate note, it is not covered by the calender.

M Damien Wigny of Kredietbank Luxembourgeoise, explains their di-lemmas. If the French banks find ways to enlarge the placement of Ecu bonds, that's fantastic. But it's not fair for them to tell the borrower they can count on the Belgians to place the paper, because the Bel-gians have responsibilities to their own borrowers and they're already using all the placing capacity they ve got

EUROBONDS

Sterling sector dispels gloom

March 9

weeks of the year.

BY MARY ANN SEGHART IN LONDON

GLOOM settled on the Eurodollar bond market lost week as prices of seasoned bonds plunged in some cases by over two points and recent new issues languished at huge discounts to their offer prices.

One problem is the currency. con-dollar denominated investors like the Swiss are worried that the dollar will fall. But the major influ-ence has been the dire performance of the U.S. domestic bond market. The benchmark Treasury long bond fell in price by over three points on the week because of fears of higher st rates and concern that Senator Gary Hart might be elected U.S. President and pursue inflation-

The only really successful new Eurobond last week was a £100m Eurosterling issue for the World Bank which, despite yielding less than the equivalent gilt-edged stock

BHF Bank bond average 99,880

at its issue price, was snapped up Total Eurosterling and buildog bond new issue volume amounts to C730m over the last three weeks after a steady stream in the first six

There is no shortage of borrowers to tap the market. Many believe that, in the long term, sterling is likely to depreciate and their interest payments will therefore become cheaper. But in the short term, especially against the dollar, pound may well strengthen, and this has attracted investors. There have been interesting de-

velopments in the Swiss franc forof a few weeks ago over convertible porrowers has died down, but the borrowers are reluctant to raise their coupons.

As a result, new techniques are being used to make the bonds more attractive to investors without obvidemption (or put) options for investors, effectively shortening the life of the bonds.

Ink - were given coupons of 2 per cent for the first three years, rising to 2% per cent for the final two. Prices of seasoned D-Mark bonds were dragged down slightly by the

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON eign bond market too. The euphoria private placements from Japanese

deadline for U.S. banks. ously having to pay more. The first banks will have to place public secsign was the emergence of early retor loans to a major Latin American Then two bonds last week - for Mitsubishi Rayon and Dainippon

were dragged down slightly by the creasingly nervous about Argentia agreement between Argentina and New York market, but Swiss franc na's policy towards its foreign debt, the International Monetary Fund bonds gained 1/2 point on the week.

Banks unite over Argentine debt

ARGENTINA'S bank creditors now since October 13 despite a build-up credit, although this now looks course, the banks then cut their inseem resigned to the fact that there of foreign exchange reserves to is little chance of the Government about \$1bn. of President Raul Alfonsin reducing its debt service arrears before the crucial March 31 balance sheet

INTERNATIONAL CREDITS

This means that, for the first time since the debt crisis started, U.S. borrower on a non-performing basis. The process will hurt their first- one central problem: Argentina quarter profits, since they are not allowed to count interest due on non-performing loans as a part of their earnings for the quarter.

credit. After two days of talks in New York last week, there is little doubt that leading creditor banks are inon which no interest has been paid

month. Meanwhile, the banks are Yet the simple fact that the March deadline is likely to be missnot willing to disburse the \$1bn bal-fold. ance of the \$1.5bn credit agreed last year as part of Argentina's 1983 resed is not being taken as a sign that Argentina is now poised actually to repudiate its \$43.6bn foreign debt. which are to resume tomorrow, was From the outset, the talks between

the Alfonsin Government and its foreign bank creditors have been characterised by posturing around banks have veered towards making concessions to the borrower when wants credit to pay its arrears, balance sheet deadlines loom. This while the banks want the arrears time round there seems to be no reduced before extending further gulf between them and their European counterparts.

Most bankers believe that sooner or later a way will be found out of gether, which may diminish its this impasse. For example, a new chances of winning easier terms from the banks when serious talks would encourage banks to restore do eventually start - unless, of

most unlikely before the end of the terest margins out of sheer relief that Argentina has returned to the

Standard Oil of California last week raised a SI4bn credit which was cue package. raised a \$14bn credit which was
A feature of last week's talks, oversubscribed, even though it is now the largest single bank loan the apparently united front of the ever made. Its size made the launch creditor banks. In the past, U.S. of a \$600m credit for Korea Exchange Bank look modest and the continuing stream of small deals for European borrowers seem peanuts by comparison.

Deals such as the \$90m equiva-lent credit launched on Friday for Argentina's brinkmanship has Renfe, Spain's state railways, howthus brought its creditors closer to-gether, which may diminish its important role in the market. Although small, this deal is designed to satisfy the borrower's need for currency diversification as well as to tap pockets of available funds in different currencies.

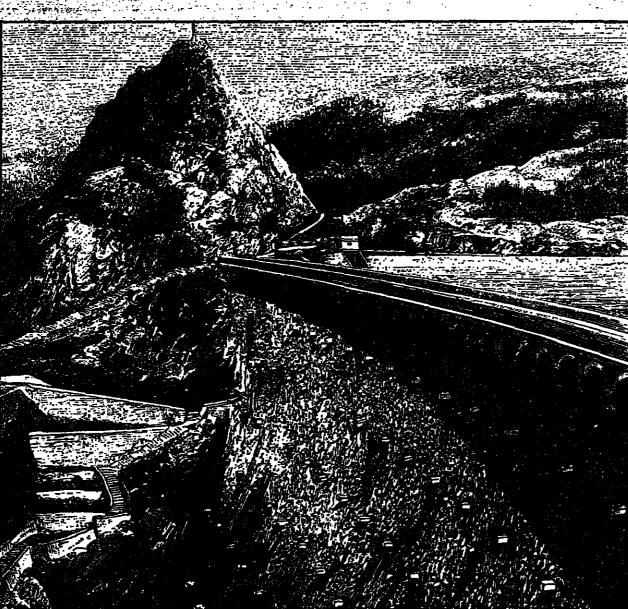
The deal is being co-ordinated by Banco Urquijo and Toronto Dominion. Basic terms provide for an in-terest margin of 2 per cent over 10 years with repayments beginning after a seven-year grace period. The loan will be broken down into three separate components comprising £20m, DM 80m and Ecu 42m.

Istituto Mobiliare Italiano, Italy's state finance company, is raising \$75m through a 10-year credit provided by a small club of banks coordinated by Chemical Bank and Industrial Bank of Japan. The loan bears a split margin starting at % per cent over Eurodollar rates and rising later to 1/2 per cent.

These very fine terms reflect its small size and exclusive nature. IMI might not obtain such fine margins on a large syndicated loan, but the fact that small clubs are prepared to lend at this price suggests that, like many other European bor-rowers, it does not need to put the market to the test.

This Friday should see terms revealed of the major loan package being put together by Broken Hill Proprietary of Australia, for its Central Queensland coal project.

NEW INTERNATIONAL BOND ISSUES Av. Me Compon Price Lead Manage Ay, Efe Price years u.s, dollars SWISS FRANCS 100 80 160 160 100 75 75 CSFB, LTCB Intl., Mgn. Gusta 1994 1994 Learne Intl. Sai. Bros. Daiwa Europe Daiwa Europa Kikho Secs., IBJ Inti. Marril Lynch Soine Transports. 7.1 Micsobisti Ges 9.1 Hippon Mining ? Portugal †† Lac Minerals ? x ? Med. Gesonie R* Doutsche Bank H**! Bay. Vereinsback H**! *58* 150 1989 **Weed Gundy** TITT 10\$ STERLING D-MARKS 1994 185/ 100 1984 World Back 1 Fulltau **\$‡ Shows Buc. Wire **\$‡ 1134 260 1991 Sheina Elec. Wire "\$! Jap. Fin. Corp. for Missis Michies Corp. "5 Hicoh "\$ Mitsubishi Rayno "\$!> Sanino Co. "\$! Baska Bitg. "\$! Australis ! Full Spinning "5 Tanrani Mitg. "\$! 5.567 2.125 Credit Lyonnais, CCF, BBL 2.125 5.125 10% CCF, BBL, IBJ, Mon. Guarant MEGAL †(b) ؇ (b) Spread over 3-s 3 months. Note: 1 t. § Convertible. † Heating rate note: coupen is spread over 6-recent Libor. masts for gold. \$2½ coupen fixed two years. ∮ Convertible into 11¼4% bond. ○ Coupen set ex **NEW ISSUE**



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Delocre and Graefi, and the loresight of the linancial planners who arranged its funding.

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U.S. BONDS

Prices tumble as inflation fears grip investors

U.S. Bond prices nose-dived last existent. Yet it also reflects the week after a sharp rise in increase in short-term interest interest ratesoffering further evidence that the economic recovery remains strong. This development added to fears of a revival of inflation, while another dire warning came from Mr Paul federal reserve board.

Mr Volcker has again been spelling out to Congress and the Administration the need for immediate action to cut the fiscal 1985 budget deficit. Yet many on Wall Street still doubt that any serious action will be

taken in an election year. While it is commonly thought that the Fed would like to avoid any sharp monetary policy changes, there is a growing belief in the credit markets that the Fed may soon be forced to tighten up. The short-term ques-tion is no longer whether the

Fed will take such action, but announced last Thursday was when, by how much, and smaller than expected and whether it will do enough to leaves the basic money measure maintain its credibility.

U.S. credit markets turned in their worst performance last week since the rally began in August 1982. At the close on Friday, the Treasury long bond was quoted at 97%, a 2½ point decline on the week. At that price, the key long bond is yielding 12.35 per cent, compared to the current pace of the economic recovery itself. With further evidence of a sharp upturn in busines spending, Mr Volcker last week described economic activity as pared in the week arrived and 10.66 per cent a week which was underlined by a further pronounced decline in the unemployment rate to 7.8 per cent. U.S. credit markets turned in per cent.
their worst performance last However, the market, and

Prices of Government securities fell sharply, with individual This week's statistical offer-maturities down anywhere from ings include February retail to 21 points. The declines were particularly pronounced consumer credit figures on Wed-last week but they contitueed nesday, industrial production a trend apparent now for almost two months. con Thursday and February

Much of the fall in prices was housing starts and the Producer attributable to acute nervous-ness on the part of investors; retail demand is virtually non-

Over the past four weeks, the Federal funds rate has gained 25 basis points and was trading last week at about 9.75 per cent. Other money market rates have also moved higher, gaining between 10 and 45 basis points last week alone, although shortterm rates are still below their 1983 highs.

Investor caution is also apparent in the intermediate and long-term corporate mar-kets where prices declined last week by between { and 1} points.

Corporate new issues have at but disappeared, reflecting the concern of corporate treasurers to stay short, given the current state of the credit and equity markets. Over the next two weeks,

before the Federal Open Market Committee meeting on the 26th week Week
the U.S. credit market is likely
to be determined by a number
of factors including the latest
batch of economic statistics, the
3-month T-bills 9.36 9.14
30-year Treasury bond 12.35 12.00
AA Industriel 1.3.13 12.39
AA Utility 13.25 13.00
AA Industriel 1.3.13 12.39
A Description Bros. (estimates).
In this week ended February 27 M1
eli by \$1.5bn to \$333.3ba. and 27th, the performance of the U.S. credit market is likely

due out on Thursday.
The \$1.5bn decline in M1 about \$2bn below the top of the Against this background, the Fed's 1984 growth target of 4-8

employment rate to 7.8 per cent This week's statistical offersale figures tomorrow, January

Brostroms fights to stay afloat as losses soar

BY KEYIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

RROSTRÖMS, the troubled companies Swedish shipping group which is fighting to stave off financial collapse, ran up further losses last year of SKr 382m (\$49m). before tax and allocations, com-pared with SKr 86m in 1982, The group is in the midst of negotiations with the state, the banks, and its shareholders over a far-reaching financial rescue plan which would lead to its liner services being taken over by Transatlantic, the rival Gothenburg - based shipping

Its liner services are concentrated on North America, the Far East and the Mediterranean. It is one of the Swedish members of the Atlantic Con-tainer Line (ACL), which also includes Cunard of the UK, Compagnie Generale Maritime of France, and Transatlantic. Brostroms has run up losses of close to SKr 2bn in the last nine years and last earned a

profit in 1974. profit in 1974.

It has already been forced to sell off the one profitable part of its operations, its marine service division which includes salvage, diving and towage, to its main shareholders, the Asken and Investor investment is specified to considerably into the North American holiday market in recent years and profited last dollar against the franc. The Asken and Investor investment jump in profits came despite

with British Rail. Its fate hangs on the Swedish Government, however, which has been asked for loan write-

offs and other actions amounting to around SKr 700m to rescue the debt-laden group.

Brostroms' results for 1983 from its withdrawal last month

Yet net losses last year
from Hoverspeed, the heavily
loss-making cross-channel hovercraft service which it operated

SKr 263m, compared with
SKr 100m a year earlier.

Last year's losses were cut by SKr 45m through the sale of several ships and were further reduced by other asset sales and by the de-consolida-tion of Incotrans, the loss-making Dutch affiliate, in which were also burdened by a it has reduced its interest from SKr 151m write-down arising 93 to 50 per cent.

Club Mediterranee ahead

BY DAVID MARSH IN PARIS

CLUB MEDITERRANEE, the leading French holiday operator boosted consolidated profits by 22 per cent to FFr 212.6m (\$27m) in the year to October despite a drop in French tourism abroad. Turnover rose 13.9 per cent to FFr 4.5bn.

spending restrictions on French holidaying abroad which lasted between April and December and was part of the Govern-ment's austerity policies.

The number of days spent by guests in the club's villages and hotels dropped last year, only the second significant fall since it was founded in 1950. But the company seems to have profited from efficient financial management and its quality image among French tourists.

CRA buys big stake in Kloeckner subsidiary

CRA, the Australian mining and metals group, has deepened its involvement with Kloeckner-Werke, the West German steel concern, by taking a major stake in its Bavarian subsidiary, the Maximiliary mether (Maxhmette) milianhuette (Maxhuette) steelworks.
Although, CRA has no steel-

making capacity for its home market at present, it entered a technology sharing agreement with Kloeckner in 1981 ment with Kloeckner in 1981 and last year guaranteed a DM 100m (\$39m) issue of convertible loan stock
By taking over what is believed to be around half of Maxhuette, CRA has opened the way for the steelworks to receive an additional quotaters the European Commissional

from the European Commission for its steel sections. Hitherto, Maxhuette (1982-83 sales: DM 1.45bn), received its quotas under the Euro-pean Community crisis scheme by way of its majority share-holder, Kloeckner-Werke, which has been in deep dispute with the commission over production quotas for north German works.

Intel recruits AMD to meet chip demand

BY LOUISE KEHOE IN SAN FRANCISCO

A CHRONIC shortage of the The 80186 combines in one chip micro processor chips used to all of the functions of the make personal computers has earlier Intel micro processors pushed intel into making swift used by IBM with those of about

On Friday, Intel announced that it has completed the transfer of manufacturing data transfer of manufacturing data for its newest micro processor, the 80186, to Advanced Micro Devices. AMD expects to begin volume production of the Intel-designed chip by the fourth quarter of this year. The arrangement should help to relieve supply problems for several major computer makers, according to both companies. according to both companies.

Intel is doubling its output of the chips each quarter, said Mr David House, vice-president and general manager of Intel's micro computers group. Demand for the new micro during its first 12 months of production, ending June 1984, will be 10 times that for any previous Intel micro processor, said Mr House. The 80186 is in heavy demand because it can be used to build

arrangements for an alternative 20 other peripheral chips.
supply of its most popular intel has been able to meet micro chip.

Only about 25 per cent of the orders it has received for the chip to date. The shortage has put pressure upon Intel customers. Mr House acknowledges Tandy Corporation has been unable to ship its new micro

computer, and Convergent Tech-nologies has fallen behind with deliveries of a new workstation because it has been unable to get enough Intel micro processors.

Although Intel claims that it is scrupulously fair in its allocation of parts to different customers, some personal computer makers are worried that IBM, which increased its stake in Intel to 18.8 per cent last

week, may receive preferential treatment. The Intel-AMD agreement will do much to calm their fears: Separately last week, Intel is reported to have signed an agreement with Commodore,

personal computers compatible the personal computer company, with the IBM PC but which to allow that company to make offer speed and cost advantages. its own Intel-micro processor. the personal computer company

New chief for Colgate

Palmolive COLGATE-PALMOLIVE CO. chairman and chief executive Mr Keith Crane plans to give up his title as chief executive at the May 3 annual meeting. The board plans to name Mr Mark Reuben, currently president and chief operating officer, to succeed Mr Crane as chief execu-tive. Mr Reuben will remain president and the board plans to re-elect Mr Crane as chairman. The company has not said whether it would appoint a new chief operating officer. Mr chief operating officer. Mr William 8. Shanahan and Mr J. Dale Sherratt, currently vice-presidents, will both be promoted to senior executive vice-presidents—chief of opera-

Durie will be taking over the Bahrain office, and Mr Nigel Mayles will be coming out from London as his number two. Mr Hassan Ali Juma has been

appointed general manager of the NATIONAL BANK OF BAHRAIN from March 28, in succession to Mr Nooruddin Abdulla Nooruddin, who is resigning to stand for election to the board. Mr Juma has been deputy general manager since April 1981. Before joining NBB in 1979 he was with Chase Man-hattan Bank in Bahrain.

● Mr Russell J. Bainton, QC. has joined the board of CONSOLIDATED PETROLEUM AUSTRALIA, part of the Hartogen Group. He is on the board of other Hartogen subsidiaries—Martogen Energy, Genoa Oli and Oil Investments. Oil Investments.

Mr Larry L. Dildine, former deputy director for domestic taxation in the Treasury Depart-ment's office of tax analysis, has joined the PRICE WATER-Mr Anthony Bond, PEAT HOUSE office of government ASEA SA, Brussels. He was MARWICK MITCHELL AND Services as director of tax head of the division for motors, is returning to the London office as senior manager. Mr Nell studies for cilents and providing ASEA SA, Persan. He succeeds

INTERNATIONAL APPOINTMENTS

analysis of legislative tax pro-posals and policies.

Mr Malcoim T. Stamper, president of The Boeing Company has been elected to the CHRYSLER board. He joined Boeing in 1962, after 14 years with General Motors.

• Mr William A. Fickling Jr., chairman of Charter Medical Corpn., and Mr Harold H. Hall, president of Norfolk Southern Corpn., have been nominated to the board of CITIZENS AND SOUTHER! GEORGIA CORPN and THE CITIZENS AND SOUTHERN NATIONAL BANK. SOUTHERN NATIONAL BANK.

Mr Claes Hultman has been appointed president of ASEA Industrial Systems Inc, Wisconsin, U.S. Mr Jan Hörnfeldt, vice-president, ASEA Industry, Västerås, has been appointed managing director of ASEA's Spanish subsidiary, ASEA Sabadell, in succession to Mr Hultman. Mr Allan Huldt has been appointed managing director of appointed managing director of appointed managing director of ASEA's Belgian subsidiary, ASEA SA, Brussels. He was

the group.

Mr John Jessop has been elected to the board of TELE-RATE INC. Mr Jessop will also be responsible for the administration and marketing of the Telerate service in Europe, the Middle East and Africa. Mr Jessop will assume the title of managing director of the newlyformed UK operating subsidiary of the AP-Dow Jones/Telerate Company, a US. partnership recently formed by the Associated Press, Dow Jones and Co and Telerate Inc. Since 1982 Mr Jessop has been senior vice-president, marketing. president, marketing. ST REGIS CORP has elected Mr Gert E. Schumann senior vice-president. international operations. He has been vice-president, international operations since 1982. Captain Walter M. Schirra,

former astronaut, has been elected to the board of KIM-BERLY-CLARK CORP. His current directorships include Rocky Mountain Airlines, Elec-Rocky Mountain Airlines, Elec-tromedics Corp and Watt Count Marketing.

• Mr Paul G. Simpson has been appointed international execu-tive partner of ERNST & • Mr Carl Reuterskield has been WHINNEY INTERNATIONAL.

Mr Lars Jarskog, who is leaving appointed to the newly created Mr Simpson most recently position of president of served the company at its office the Brussels-based SOCIETY in Brussels. He succeeds Mr FOR INTERBANK FINAN- LeRey J. Herbert who is retiring. CIAL TELECOMMUNICATIONS (SWIFT). He is succeeded as general manager and chief execu-tive officer by Mr Bessel Kek.

> • Mr Robert J. Ringre has been appointed president of the newly designated MDS Herkimer division of MOHAWK DATA SCIENCES CORP and has also been elected a senior vice president of MDS. He was vice-president Herkimer manufacturing.

• Mr Stephen T. Hopkins has been named regional vice president for the FEDERAL HOME dent for the FEDERAL HOME
LOAN MORTGAGE CORP'S
(Freddie Mac) north central
office, located in Chicago. Mr
Hookins manages the underwriting, processing, and servicing of mortgages Freddie Mac
buys from primary mortgage
lenders in the nine states
covered by the north central
region.

Mr. Rickerson has been in a
number of key commercial marketing positions with Lockheed
Corp. the latest that of vicepresident international sales.

Mr. Peter J. Metres has been
appointed division president of
the newly-formed turbodyne
division of McGRAW-EDISON.

emior vice-president marketing at PAN AMERICAN WORLD AIRWAYS has been elected to Pan Am's board of directors. He was senior vice-president administration before becoming senior vice-president marketing last Normanher. last November.

been named vice president commercial marketing Europe, Africa and Middle East for the Douglas Aircraft Co division of McDONNELL DOUGLAS CORP. Mr. Hickerson has been in a number of key commercial mar-keting positions with Lockheed Corp, the latest that of vice-president-international sales.

appointed division president of the newly-formed turbodyne division of McGRAW-EDISON. The division, based in Wellsville, New York, had previously been the steam turbine operation of the Worthington division of

ZAMBIA COPPER INVESTMENTS LIMITED

(Incorporated in Bermuda)

RESULTS FOR THE HALF-YEAR ENDED DECEMBER 31, 1983

The following are the unaudited results of the Corporation and its subsidiaries for the balf-year ended December 31, 1983, which should be read in conjunction with the

	Hali-year	Half-year	Year
	ended Dec. 31, 1983 US\$000's	ended Dec. 31, 1982 US\$000's	ended June 30, 1983 US\$000's
Revenues:			
Dividend income (note 1)		47 1,813	55 2,890
	1,144	1,860	2,945
Expenses:			
Administration expenses	244	265	479
Exchange loss (gain) (note 2)		(197)	1,025
	1,785	68	1,504
(Loss) earnings before taxation	(641)	1.792	1,441
Foreign taxation		(140)	(280)
(Loss) earnings before extraordinary			
items	(674)	1,652	1,161
Extraordinary items (note 4)		(3,481)	(6,160)
Net loss	(918)	(1.829)	(4,999)
Retained earnings at beginning of period	6,220	5,059	5,059
	5,302	3,230	60
Transfer from contributed surplus,			6,160
Retained earnings at end of period	5,302	3,230	6,220

No dividend income was received from Zambia Consolidated Copper Mines Limited (ZCCM) during the half-year ended December 31, 1983.

The exchange loss for the six months ended December 31, 1983 was attributable
mainly to a substantial depreciation during the period in the values of both the
Zambian kwacha and the Zimbabwean dollar.

K5,985,000 of previously reported income which was blocked in Zambia awaiting
externalisation has been rescheduled as a sterling designated long-term loan to the
Zambian Government with repayment due in three half-yearly instalments com-

4. The Corporation made payments of US\$244,000 for the half-year to December 31, 1983 (1982: US\$292,000) under guarantees given to De Beers Consolidated Mines Limited relating to Botswana RST Limited (BRST) and BCL Limited (BCL) which are considered as irrecoverable and have accordingly been treated as extraordinary items. BRST and BCL continue to experience serious financial difficulties and at December 31, 1983 the Corporation had contingent liabilities in respect of those companies' guarantees of US\$14,236,000.

In view of the loss for the period and in the light of the abovementioned circumstances, the directors have not declared an interim dividend in respect of the financial year ending June 30, 1984.

6.	ZCI has a 27.3% interest in ZCCM, whose	latest availab	le results are a	s follows:
		Nipe months ended	Nine months ended	
	Production (toppes)	Dec. 31, 1983		March 31, 1983
	Copper	423,612		
	Cobalt	1.875		
	Lead and zinc	38,195		54,612
	Sales (tonnes)			
	Copper	451,733		588,304
	Cobalt	1,846		
	Lead and zinc	40,159	43,451	53,349
	Average proceeds per tonne (copper)	K2,108		
	Total sales revenue	1,642,6 million	K706.6 million	K973.1 million
	Net loss	K14.4 million	K120.1 million	K127.5 million
	Dividend per share	Ni	Nij	NII

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Tolocku El. Pwr. 5\(\) 92 100 100\(\) 101\(\) +0-5 0 5.74
Trizec Corpn. 6\(\) 93 ... 100 100\(\) 101\(\) +0-2 -0\(\) 5.98
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Average price changes... On day 0 on week +0-3. FLOATING RATE

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SWISS FRANC
STRAIGHTS

Issued

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EUROBOND TURNOVER (nominal value in \$m)

Cedel Last week 6,332.4 14,133.5 Previous week 7,415.7 19,339.1

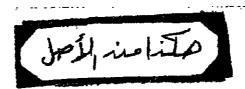
Other bonds Previous week 2,172.4 1,439.9 * No information available --

previous day's price. † Only one market maker

supplied a price. STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued except for Yen bands where it is in billions. Change on week= Change over price a week

earlier. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Compon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (time-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current vield coupon. yield.

CONVERTIBLE BONDS: De-centage premium of the current effective: price of acquiring shares via the bond over the shares via the bond over the most recent price of the shares. The list shows the 200 latest laternational bonds for which an adequate secondary market exists; The prices over the past week were supplied by Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerchank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Kredietbank NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Credit Suisse/Swiss Credit Bank;
Union Bank of Switzerland;
Akroyd and Smithers; Bank of
Tokyo International; Blyth,
Eastman, Paine, Webber International; Chase Manhattan;
Citicorp International Bank;
Credit Commercial de France
(Securities) London; Dalwa
Europe NV; EBC; First Chicago;
Goldman Sachs International
Corporation; Hambros Bank; IBJ
International; Kidder Peabody
International; Kidder Peabody
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Morgan Stanley International;
Nomura International; Grion
Royal Bank; Robert Fleming and
Co.: Samuel Montagu and Co.;
Scandinavian Bank; Societe
Generale Strauss Turnbull;
Sumitomo Finance International;
S. G. Warburg-and Co.; Swiss
Bank Corporation International;
Wood Gundy.
Closing prices on March 9 Closing prices on March 9



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EQUITIES

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"RIGHTS" OFFERS

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Scantronic for unlisted market

LATEST USM recruit is Scan-tronic Holdings, which makes directors. electronic digital communica-Une of the founders, Mr Linetions equipment for the intruder ham, has relired from active alarm industry. Following a involvement due to ill health and placing of 1.6m shares by brokers also now non-executive, leaving a net £1.12m for the comsole executive director. pany, dealings will start on the USM next Thursday.

Scantronic was started by Mr Christopher Brookes and Mr David Lineham to undertake sub-contract work for major UK electronics companies and provide consultancy services to intruder starm organisations in Scandinavia. Digital communications equipment was first mar-keted in 1980.

by a vendor placing of ASH shares for film. ASH's stake will now be reduced to 38.57 per

The money being raised through the placing of 22.86 per cent of the equity will be used to "take advantage of growth opportunities." This could include acquisitions

حكدًا منذ الأصل

clude acquisitions.

In the years 1979-80 and 1980-81 Scantronic made total 1980-81 Scantronic made total profits of just £30,000. The following year there was a small loss after the purchase of software code for £47,000. In the year to March *83 profits reached £263,000 and after a six month profit of £118,000 to last September the directors are now forecasting not less than £400,000 pre-tax for the year ending this month. Last July Automated Security (Holdings) bought a 50 per cent interest in the company satisfied

Cent.

The present management consists of Mr Tom Buffett, chairman of ASH, and Mr Peter Blenkinsop, also an ASH manger and managing director of a net dividend of 1.6p a share indicating a yield of 2.9 per tributor of Scantronics products.

Powerline USM entry heavily oversubscribed

provides failor-made electronic of pre-tax profits doubled to power supplies, has made a high powered entry to the Unisted Securities Market.

Its offer for sale of 3.443,762 for up to 100,000 shares will be shares of 5p at 160p each has been heavily oversubscribed. More than 67,000 applications were received for a total of 250m shares, 72 times the number of

Powerline International, which of nearly 30 based on a forecast put into a ballot for 8,145 alloca-tions of 300 shares and one allocation of 262 shares; for applications of 120,000 shares or more, there will be a ballot for Powerline is valued at £17m at the offer for sale price, and the shares stand on a multiple acceptance next Tuesday

BOARD MEETINGS

The following companies have notified
dates of board meetings to the Stock
Exchange, Such meetings are usually
held for the purpose of considering
dividends. Official indications are not
available as to whether the dividends
are interims of finals and the sub-
divisions shown below are based
mainly on last year's timetable.
TODAY
Interims: & G Security Elec-
tronics, Murray Glendevon Investment
Trust, Wolseley-Hughes.
Finals: Akzo, Anglo American
Landard Decrease Clark Combaides

FUTURE DATES

All these Notes have been sold. This announcement appears as a matter of record only.

Province of British Columbia Can. \$200,000,000

104% Notes, Series PRD, Due December 16, 1985

Private Placement

Arranged, underwritten and placed by



CANADIAN IMPERIAL BANK OF COMMERCE

December, 1983

All these Notes have been sold. This announcement appears as a matter of record only.

Ontario Hydro Can. \$150,000,000

104% Notes Due June 12, 1986

Unconditionally guaranteed as to payment of principal and interest by The Province of Ontario

Arranged, underwritten and placed by

Private Placement



CANADIAN IMPERIAL BANK OF COMMERCE

December, 1983

Monopolies Commission delivers its reports

THE MONOPOLIES Commission has delivered its reports on the proposed merger between Trafalgar House and Peninsular & Oriental Steam Navigation, and between GKN and AE, slightly

The Secretary for Trade and Industry, Mr Norman Tebbit, is expected to publish the Commission's findings and deliver his own verdicts shortly.

are most recent merger investigation by the Commission focused on the refractories divisions of Hepworth Ceramic and Steetley—a relatively small source of profit for each group—and blocked Hepworth's takeover ambitions in the light of the con-

activity.

The proximity of detailed reports into Britain's merchant marine and its vehicle component industries may shed some light on developments in official policy on mergers and competition,

particularly in an international context.

P & O has strongly resisted Trafalgar's attention from the outset although Trafalgar's attitude to a new bid, given clearance, has been ambivalent. Conversely. GKN seems determined to approach AE once again, if permitted. However. AE has shifted its ground during the course of the Monopolies inquiry, and intends to resist GKN.

Trafalgar coy about rejoining P & O battle

SHARES in Peninsular and Oriental Steam Navigation were standing at 164p when, in mid-May last year, Trafalgar House revealed that it had built up a near 5 per cent holding. The bid, when it came, valued P & O at \$290m or 204p per share.

Almost 10 months further on, P & O is trading at 298p reflectring the belief in the City that Trafalgar House will come un-scathed through an extended Monopolies Commission inquiry and, equally important, relains the will to come back for another

Mr Nigel Broackes, the chair-man of Trafalgar, has argued from the start that "the com-mercial fit and complementary mercial fit and complementary nature of Trafalgar's and P & O's businesses are uncanny." Both companies have extensive interests in cruise shipping, the container trade (particularly between Australia and Europe), construction and oil.

construction and oil.

The principal area of concern to the Commission is in shipping which accounts for perhaps 20 per cent of Trafalgar's assets and less than half P & O's assets. Each depends on dellar paying customers for the dollar paying customers for the bulk of its cruise business. P & O's Princess Cruises subsidiary plies its trade from the West Coast of the U.S. and Trafalgar's flagship, the QE2, is best known for its transatlantic crossings.

Trafalgar's position through-out has been that it "can create an even more substantial British shipping group which will be more competitive with major foreign shipping companies."

P & O, led since the beginning of November by Mr Jeffrey Sterling, will argue that it can increase its returns and its in-vestment in its fleet more effectively as an independent com-pany. But the Government, faced with a seemingly inexor-able decline in "Red Duster" tounage, is not expected to block any move which promises to strengthen the competitive position of the mercantile marine. The stock market may be left to decide whether Trafalgar alone should fulfil that under-

The Government, however, will be anxious to ensure that both tlects are available to the fit. to requisition substantial merchant tonnage for supply and transport and both Trafalgar and P & O contributed heavily to the war effort in the South

The authorities will presum-hlv want assurances that ably want assurances that Tratalgar's ships, many of which " flag-out " any P & O vessels.

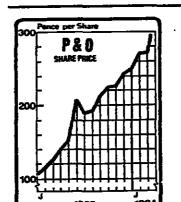
Bank of Scotland

Is Trafalgar still in the hunt? Mr Broackes is as enigmatic as any takeover strategist when it suits his purpose to take the steam out of his target's share price and has been noticeably coy about a new bid. Yet he con on with some justification that his management has many other

tasks on its hand. In the last few months, Trafalgar has acquired a valu-able stake in the Forties field, paid more than £70m for Care decca, which increase still further its commitment to the energy sector, and finally tied up an agreement with Howard Doris to take on Scott Lithgow, the controversial Clydeside ship-

building yard. Ray Maughan looks at two possible takeover contests in the shipping and

vehicle components industries

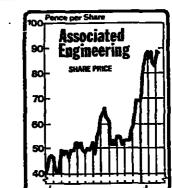


More by his City reputation and his own drive than any immediate management action, Mr Sterling's new position on the other side of the takeover fence has already made Trafaland reorganisation, coupled with a scattered upturn in several of the original markets, are at last gar's decision that much more difficult. He has quickly sig-nalled his determination to make P & O's assels work mar-

those activities which no longer

Ministry of Defence at a time He says that his family and of emergency. The Falklands close friends believe he will be campaign underlined the need disappointed if Trafalgar backs He says that his family and

won or lost in a bid battle on this scale—if it starts. The in-terests of employees, share-holders and Britain's shipping fleet will dominate the outcome. now by a foreign flag, can be commandeered wherever and whenever required. Trafalgar that neither chairman would for has said that it has no plans to one moment contemplate the one moment contemplate the possibility of defeat.



Like many other target companies which go before the Com-mission, AE has used the breathits principal markets, are at last coming through to profits. oming through to profits.

The eventual price, however, must inevitably be considerably

achieved f3m in the first quarter of the current year. The City believes that Mr John Collyear, forecast at least £14m pre-tax

The forecast will only be required if GKN is cleared to make a new offer. The Office of Fair Trading referred last summer's bid because vehicle parts dis-tributors were concerned about the impact of a merger which would have given the enlarged group about 90 per cent of UK hard " engine components production.

This was a clear prima facie

AE now on its mettle against a renewed GKN bid

AE HAS changed its mind about a deal with GKN several times. a deal with GKN several times.

It was AE which approached
GKN in the first place about a
link in the bearings and cylinder
liners sub-sections of the engine component market, but baulked at the price GKN was prepared to offer when talks expanded to embrace a full takeover.

emorace a unit takeover.

GKN touk an all equity offer worth £50m, or about 50p per share, to AE's shareholders instead and finally extracted agreement from the AE board when it added £17m to the value of the deal last August of the deal last August.

of the deal last August.
That co-operation, however,
was not destined to last the
course of the Monopolies Commission inquiry which followed.

the parts distribution market theilf and GKN made little ser-ret of the need to cut back the combined depot and branch network.

The outcome of the investigation depends in large part on the extent to which the Commission is willing to look at vehicle com-

of all aspects of such a deal not least since GKN with AE would have an estimated 6 per cent of

is willing to look at vehicle components in an international
framework.

The combined group would
have about a fifth of the European market for pistons, piston
rings and bearings, and if the
Department of Trade and
Industry's past policy is any
guide, that should not create any obstacles.

The Government, after all, has supported the creation of a new company formed by Lucas Industries and Smiths Industries which has a 20 per cent share in the European car electronics

components markets.

Mr Collyear sees things differently. In his view, major car
manufacturers require dual
sourcing on most products and as things stands, customers can go to both AE's Glacter Metal and GKN's Vandervell subsidiaries to obtain bearings and to AE's Wellworthy and GKN's Sheepbridge Stokes for cylinder

Merge AE with GKN, his argument goes, and the second source in the UK is removed. In that case, Britain's share in the European components markets, notably in bearings, could fall
The counter view is that the
vehicle assemblers and component manufacturers are developing close, long-term relationships ing close, long-term relationships and, in the words of Mr Ewan Fraser of the slockbroking firm James Capel, "there has been a tremendous tendency towards single sourcing."

He cites the case of BL which is already purchasing such com-ponents as wheels, batteries and certain friction materials from just one supplier.

And, like Mr Wyn Ellis, his opposite number at Savory Milln. permitted to make a new bid.

terms thrashed out last summer. AE shares are now Savory Milln helieves the may come back with a two exchange offer to value AE

The difficulties here are that GKN launched a heavy rights issue last year and, by bidding for AE at anything like its net reduced its scope to accommodate the ensuing rationalisation costs after the merger in the enlarged balance sheet. The offer last year, at such a wide discount to net assets, was extremely well timed, but AE is

FINANCIAL TIMES STOCK INDICES

	Mar. 9	Mar. B	Mar. 7	Mar. 6	Mar. 5	Mar. 2	1983 High	-84 Low	Since Co High	mpilatn Low
Government Secs.	83,14	83,18	83,35	83,31	83,23	85,12	83,77	77,00	127.4	49.18
Fixed Interest	87.14	87.12	86,97	B6,91	86,91	86.81	87,47	79,03	150.4	50,53
Industrial Ord	840,9	837,7	835.4	841.6	832.6	838.9	B41.6	598,4	841.6	49,4
Gold Mines	711.7	696,9	699.B	702.6	704.7	673.5	754,7	444,6	734,7	45,5
FT-Act. All-Share	501.35	500,06	500.70	502.55	499,91	501.49	504,73	382,22	504,73	61,92
FT SE 100	1060,1	1055.3	1055,6	1064.5	1053.7	1060,7	1075.9	997,5	1075.9	997.5

F.T. Share Service The following securities have been added to the Share Information Service: Associated Energy Services Section: Industrials) Ulster Television (Leisure)

> LADBROKE INDEX Based on FT Index 837-841 (+5) Tel: 01-493 5261

This announcement appears as a matter of record only



SOVEREIGN OIL & GAS PLC

U.S.\$22,680,000

Limited Recourse Facility for the purchase of a 0-5% working interest in the Forties Field from BP Oil Development Limited.

> arranged by CIBC Limited

Provided by Canadian Imperial Bank Group

National Westminster Bank Group

CANADIAN IMPERIAL BANK OF COMMERCE

December 1983

Den norske Creditbank

RepublicBank Dallas, N.A.



Closing prices March 9

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C ·有好的感染的一种,我就是我也有有关的情况是我们的感觉是我们的有效的有效的也被我们有效是我们有的,也是我们的,我们是我们的,我们是我们的,我们也可以是我们的,我们 ·有好的,我们就是我们是我们的,我们就是我们的,我们们是我们们的的人们的,我们们的的人们的,我们们的人们的,我们们的一种的,我们们的人们的是我们的人们的人们的人 Heing
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House 他们因此几乎不断对外,我们是我们的,我们是我们的人,我们是我们的人,我们是我们的人,我们是我们的人,我们也是一个一个,我们是我们的人,我们是我们的人,我们们就会 Emplies
Emplie 201₂ 401₂ 173₃ 184₄ 29 151₄ 12 MACOM 日前面的。因为日报名的技术是非常是这种的形式。2、20万年的第二次的现在分词,我也有办法自己的对象的政治,这种的现在分词,是我们的对象的是是这种的人,也是一个人的人,也是一个人的人的人,也是一个人的人的人,也是一个人的人 200034 77,265 217,265 2252 97,15 1847 90 555 504 20 555 IC Ind IC In ICI IN IC I

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

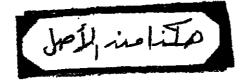
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WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq National Market closing prices	Closing prices March 9	CANADA	NORWAY	HONG KONG	
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	Nesson s 63 12 11½ 11½ -½ NextSac 23 6 5½ 6 +½ 8 +½ NextSac 23 16 18½ 18½ 18½ -½ NextSac 24 55 55 4 +½ NextSac 25 25½ +½ NextSac 25 55 55 55 55 55 55 55 55 55 55 55 55	917 606 Darry 88. 951 945 650 Dumez S.A. 750 595 244 Equat (Ge Gen.) 511 230 112 [Eff. Aquitaine 218,5 740 389 Gen. Occidentale 570 90.7 47.5 [ME.T.AL 77.8 344 246 Lafarge-Coppes 385.2 8,420 994 "Copas" 2,140	High Low : Kronor	786' 495 TBS	And, of mainst hat have have have have have been been been been been been been be
This advertisement complies with the requirements of the Council of The Stock Exchange in London Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft (Incorporated in the Republic of Austris with limited liability) Issue of up to £30,000,000	Max 8 10e 481 11h 11h 11h 11h Northet 5 .40 681 284 28 281 + 1h Northet 75 84 84 87 + 1h Northet 75 87 88 87 + 1h Northet 75 87 184 187 187 187 Northet 75 187 187 187 Northet 75 187 Northet 75 187 187 Northet 75 Northet 75	470 288 iMaisons Pinenks. 273.5 2,050 900 Matra S.A. 1,551 1,084 705 iVichelin S. 890 1,541 635 Midriche 1,415 1,550 801 Most Hennessy 1,400 113.7 65.2 Moulinex 90 58 45.1 Word Est 49.3 845 238 Parnod Ricard 671 574 216 Parnod Ricard 671 574 216 Parnod Ricard 524 222 150.1 Patries Fra 222 257.8 129.1 Paugeot SA 226 102.9 48 Poolsin 51,9 104.7 102.1 Printemps (Au.), 140.1 444 340 Radictech 340 1,250 842 Redoute 1,073 893 234 Roussel-Uclaf 810 140 79 Schneider S.A. 119 280 170 Befimeg 245,5 1,560 660 Star Rossignol 1,336 1,680 612 Telemech Elect. 1,622 358 142.1 Thomson (CSF) 310,5 368 210 Valee 289.9		756 465-Toyo Selkan 720 1,500 952 Toyota Motor 1,250 3,400 1,850 Victor 3,200 765 655 Waogai 755 661 480 Vamahe. 3,300 851 1,130 Vamahe. 3,330 851 1,130 Vamanouchi 780 276 220 Yasuda Fire 259 518 408 Yokogawa Rdge I 415 SOUTH AFRICA 1983/64 Mar. 9 Price Rand 1,983/64 Mar. 9 Price Rand	th your man be Bartico
12¼% Subordinated Bonds due 1993 Subordinated as to payment of principal and interest L10,000,000 of which are being issued as the Subsequent Trunche. County Bank Limited Al-Mal Group Banque Nationale de Paris Crèdit Lyonnais Daiwa Europe Limited Hambros Bank Limited Morgan Grenfell & Co. Limited Orion Royal Bank Limited S. G. Warburg & Co. Ltd.	1983 84 Mar. 9 Price High Low Fra. 1,484 990 ARBED 1,465 5,200 3,700 Banq Int A Lux 5,205 4,480 2,030 Betaert B. 5,360 2,295 1,596 Giment GBR 3,120 2,295 2,580 3,660 EBES 6,000 2,530 1,675 EBES 6,000 2,530 1,675 EBES 6,000 2,530 1,910 Fabrique Nat 2,290 2,900 1,910 Fabrique Nat 2,290 3,595 2,710 GB Inno BM 3,265 2,530 1,450 GBL (Brux) 2,405 3,595 2,710 GB Inno BM 3,266 3,595 2,710 GB Inno BM 3,266 3,595 2,710 GB Inno BM 3,266 3,595 3,500 Hoboken 5,130 6,480 5,600 Hoboken 5,130 6,480 5,600 Hoboken 1,890 7,590 4,300 Pan Hidga 9,400 7,140 4,610 Petrofina 7,090 7,140 4,610 Petrofina 7,090 7,140 4,610 Petrofina 7,090 3,255 2,305 Soc. Gen. Banq 5,200 3,255 2,305 Soc. Gen. Banq 5,200 6,660 3,765 Sofina 6,670 4,355 2,180 Solvay 5,765 3,650 3,645 Tractionel 5,190 4,900 2,810 Ivielije Mont. 3,950	1 179 128.2:GHM 142.5 !	1983 84 Mar. 9 Price	\$0.60 17.5 Anglo Am Corp. 33.75 157.5 110 Anglo Am Gold. 186.5 22 14.1 Barolays Bank. 32 14.7 11.1 Barolays Bank. 32 14.7 11.1 Barolays Bank. 32 14.7 5.50 12.5 CNA Gallo. 27 5.50 3.50 Currie Finance. 5.16 11.7 840 Da Bears. 10.75 49.75 31.00 Peters. 46.86 70 5725 FS Gadulid. 54.3 70 5725 FS Gadulid. 54.3 6.50 4.20 Highweld Steel. 6.1 18.76 10.2 Nedbank. 16.3 29 18 OK Bazars. 18.9 18.76 18.2 Rembrandt. 26.75 18.2 Rembrandt. 26.75 16.8 .58 Rennies. 12.15 16.8 5.50 Annies. 12.15 16.8 5.50 SA Braws. 7.56 25.35 18.2 Smith (C.G.) 24.5 18.0 8.2 Tongait Hulatta. 12.0 5.90 3.95 Unisco. 15.75	Bart
Interest is payable annually in arrears on 13th September, the first payment being due on 13th September, 1984. Particulars of Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft and the Bonds are available from Extel Statistical Services Limited, and may be obtained during usual business hours up to and including 26th March, 1984 from: County Bank Limited, 11 Old Broad Street, 12 Tokenhouse Yard, London, EC2N 1BB. London, EC2N 1BB.	3,850 2,645 Tractionel	203 11 Horten 186.5 223.5 137 Kaii und Saiz 193.5 280 193 Kaufnof 2825.5 280 193 Kaufnof 2826 284.5 197.5 KHD 286 284.5 197.5 KHD 286 284.6 5 Krupp 81.5 418 308.5 Linde 2870 170.5 81.1 Lufthansa 166 177 122.5 MAN 166 177 122.5 MAN 64 280 190 Metaligesell 283.5 1,699 280 Muench Rueek 1,125 289.3 185 Preusseg 265 199 156 Rhein West Elect 164.5 387 294 Schoring 338 408.6 245.2 Siemens 386.4 194.3 163 Varta 178 185.3 172.5	935. 503 Alusulsse	SPAIN 1992/64 Mar. 9 Price High Low Pta 291 209 Bco Bilbao 287 336 256 Bco Central 330 220 198 Bco Exterior 290 301 208 Bco Exterior 290 301 208 Bco Santander 298 350 108 Bco Viccaya 350 149 106 Dragados 143 57.7 39 Hidrola 54 58.2 39 iberduaro 55 116: 59 Patroloca 116: 59 80.8 Telefonica 116: 79.5 NOTES: Prices on this page are as quoted ton the individual exchanges and are last traded prices; 2 Desirings auspended, at Ex chydend, ac Ex ethpliasue, ar Ex rights, as Ex sil.	TRICO



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WORLD STOCK MARKETS

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	Indi	ces		•		· .	i .		·	·	
NEW YORK	DOM 108	25				· Mar.	Mar. B	Mor.	Mar.	198 High	3,84 Low
Mar. Mar. 1		Mar.	1988-84 High Low	Since Compiltn High Low	AUSTRALIA All Ord. (1/1/90) Metais & Minis. (1/1/80)	718.5 485.8	718.5 484,8	725.8 500.2	755,2 : 516,6	787,9 :8 1.84; 814,2 :5:9:	487.8 (4.1 88) 411.8 (4.1 83)
Industrio 1139,16 1147,89 . I'ma Bado 69,24 . 89,49			77,84 60,85	723/11/85 (2:7:82)	AUSTRIA Credit Aiktien (2/1-52)	66.IZ	66,\$4	15.45	55.58	58.8 (5.5)	48,48 (15,7,15)
Frensport, 408,48, 502,57		75, 513,51 La 196.61	. 12:1:24: /R/1/02:	18:1/84: (\$/7:12)	RELGIUM Reigian SE (51/12.65)	142,61	142,18	143,68	143,51	148,15 (1/2 84)	100,50 (4/1/65)
Tracting You 75,170 \$6,550			121110) 12111 12 1	, 165,52 : 10,5 \$20,4(8) (28/4/42)	DENMARK Copenhagen SE (\$/1/85)	163,78	155,14	(86,21	195,37	225,21 (20/1/84)	100,05 (C/1:85)
Day's high 1149,29 (1126,4 Industrial div. yield)	(6) low 113	2,54 (113	8.10	ear ago (approx)	FRANCE CAC General #1/12/82) Ind Tendance (88/12 88)					176,1 (25/1/64) 116,7 (25/1/64)	95.1 (5·1:83) 99.4 (5;1 :84)
TARDARD AND POORS	471	4.73	4.76 1963-84	4,78 Since Comilt'n	GERMANY FAZ-Aktien (51/12:58) Commerzbank (1/12/58)					370,64 (2.2/64) 1096.5 (2.2/64)	241,88 (25:1/63) 727,9 (25:1/85)
Mar. Mar.	Mas. Mar.	Mar.	ligh Low	High Low	HONG KONG Hang Seng Sanki§1/7:90	1094,46	1077,55	: 1861,44	1001.60	1134.12 (8/244)	690,08 #4:10
odustris 174.55 174.55 Comprate 154.55 185.15		167,69	.173,65 130,64 .(144)0, (3,185)	{TP-10/96; (1/6/67)	ITALY Sanca Comm Ital. (1972)		217.48	217,55	218,62	229,57 (6:1/50)	160,45 (10/1/85
industrial div. yield's		Peb. 29 4.01	Feb. 22 Ye	4,24	JAPAN ^{MA} Nikkoi Dow (15/5/45) Takyo 5E New (4; 1/69)	9587.22 786.21	9369.82 780.54	10021,2 751,66	10066.7 766,01	10235.7 :30:1:84; 787,41 (5:3/84)	7905, 78 +25-1-6 574,51 (25/1,8
industria) PrE ratio Long Gov, Sand yield	12.15	12,62 11,98	12.59 11.89	13,11 10,56	NETHERLANDS ANP-CSS General (1870) ANP-CSS Indust (1970)	161,4	169,7	161.6	. . 160,8 .	178,9 (1:2/84)	190,1 (4.1-83) 63,5 (4.1/88)
M.Y.LE. ALL COMMON	:		Rises and F	ilis Mar. 8 . Mar. 7	NORWAY Oslo SE (4/1 15)	250,14	258.88	253,64	254.90	254.90 (6 5/84)	. 29,01 (4/148)
Mar. Mar. Mar. Mar.	983-84 1 Low	Rises Tr Rises	582	1,955 .1,965 820 .569 676 1,819	SINGAPORE Straits Times (1966)	1021,21	1022,78	1025 <u>.</u> 17	18 17,85	1071,81 (8,2/84)	712,29 (5/1/88)
8.94 69,39 69,09 90.07 99.0		How His	Mag 410	437 485 9 8 44 73	SOUTH AFRICA Gold (1856) Industrial (1868)	1045,4 1047,8	1045,2 1066.2	1052.4 1030.0	1045.9 1025.7	1858,5 (1/2:88) 1038,2 (8:5/64)	661.4 (1/11) 784.9 (3/1.85)
MATREAL MAY	. Mar. Mar 8 7	, Mar.	1983 High	Low	SPAIN Madrid SE (88/12/83)	116,88	119,29	 120,17	129,40	120,40 (5/5/84)	100.00 (30/12:65
Industrial C4.1 Combined 464.4			468,90 (25.9) 441,29 (25/9)	881,78 (4:1,88) 828,12 (4:1-85)	SWEDEN Jacobson & P. (1/1.38)	1482.83	1496,46	1588,51	15 15,48	1584,5 (2:5:84)	890.18 (5;1/65)
TORONTO Composite 256				1842,5 (4:1/65)	SWITZERLAND SwissBankC pn./51/12/68)	362,2	362,8	å54.T	865.9	388,7 (5:1/94)	254,4 (4.1:58)
	YORK AC Change			Change s Clasing on	WORLD Capital Intl. (1,1/78)	tri)			184.0	107.2 (20:1:54)	164.3 (3.14B)

Why the Hong Kong Government made London's Barbican its main port of call.

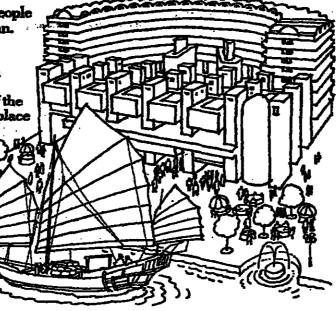
Like the Hong Kong Government, many people have already held a presentation at the Barbican. Or an exhibition. Or a conference. Or any combination of all three.

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This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

EAST RAND GOLD AND URANIUM COMPANY LIMITED (Incorporated in the Republic of South Africa)

Rights issue of 2,870,000 15.5 per cent unsecured Convertible Debentures 1988/1991 of R12 each

The Council of The Stock Exchange has admitted the 2,870,000 15.5 per cent unsecured convertible debentures of the company to the Official List.

Particulars are available in the Extel Statistical Service and copies may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 30th March 1984 from:nowe & PITMAN, CHARTER CONSOLIDATED, P.L.C.

City Gate House 39-45 Finsbury Square, London EC2A 1JA

SOUTH AFRICA

SPAIN

40 Holborn Vladuct, London ECIP 1AJ

To the Holders of

FUJI ELECTRIC CO., LTD. U.S. \$30,000,000

51/2% Convertible Bonds Due 1996 NOTICE OF FREE DISTRIBUTION OF SHADES

AND ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 of the Trust Deed dated October 8, 1981 Pursuant to Clause 7 of the Trust Deed dated October 8, 1981 under which the above described Bonds were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.1 share for each one share held will be made to shareholders of record as of March 31, 1984.

As a result of such distribution, the Conversion Price at which shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 5 (C) of the Bonds from 317 Japanese Yen to 288,2 Japanese Yen effective as of April 1, 1984.

FUJI ELECTRIC CO., LTD.

Dated: March 12, 1984

OVER-THE-COUNTER --

Nasdag National Market

Continued from Page 24

FIDELITY

The Directors have declared a dividend of 30 cents (U.S.) per share, the record date of which is February 24, 1984, payable March 9, 1984.

Holders of bearer shares should present coupon number 6 at the Head Office of the Bank of Bermuda, Hamilton, Bermuda; or Kredietbank S.A. Luxembourgeoise at 43 Boulevard Royal, Luxembourg.

Registered shareholders of record February 24, 1984 will have their dividend cheque mailed to their address.

Fidelity International Fund N.V. was launched in February 1969, is now valued at \$30m and the share price has risen 487% from \$9.40 to \$55.21 xd at March 1, 1984.

(Incorporated under the laws of the Netherland Antilles) The Directors have declared a dividend of 56 cents (U.S.) per share, the record date of which is February 22, 1984, payable March 7, 1984.

Holders of bearer shares should present coupon number 8 at the Head Office of the Bank of Bermuda, Hamilton, Bermuda; or Kredietbank S.A. Luxembourgeoise at 43 Boulevard Royal, Luxembourg.

Registered shareholders of record February 22, 1984 will have their dividend cheque mailed to their address.

Fidelity American Assets N.V. was launched in October 1974, is now valued at \$71m and the share price has risen

491% from \$10.00 to \$59.12 xd at March 1, 1984. Copies of the latest quarterly and annual reports can be obtained from Fidelity International at:

P.O. Box 670, Pembroke Hali, East Broadway, Pembroke, Hamilton, Bermuda. Telephone: (809) 295 0665 Telex: 0280 3318

9, Bond Street, St. Helier, Jersey. Telephone: (0534) 71696 Telex: 4192260

Fidelity nternationa

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



Sparekassen SDS

U.S. \$30,000,000

Floating Rate Capital Notes 1991

The following have agreed to subscribe or procure subscribers for the Notes:

European Banking Company

Nomura International Limited

County Bank Limited

Crédit Lyonnais

Hambros Bank Limited

The National Bank of Kuwait S.A.K.

The Nikko Securities Co., (Europe) Ltd.

Société Générale

SwedBank

"我也是你我就是我们就的我们就没有我们的,我们是我们的我们是我们的我们的我们的我们的人,我们也是我们的人的,我们就是我们的我们的我们的我们的我们是我们的我们的我们的我们的我们的我们的我们的我们的我们

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FOREIGN CURRENCY

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April 9, 10 London

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Union Bank of Switzerland (Securities)

Westdeutsche Landesbank Girozentrale

The Notes, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Temporary Global Note. Interest will be payable semi-annually in arrears on interest payment dates falling in October and April of each year. The first interest determination date will be 18th April, 1984.

Full particulars of the Issuer and the Notes are available in the Extel Statistical Service and may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 28th March, 1984 from the brokers to the issue:-

Cazenove & Co., 12 Tokenhouse Yard,

12th March, 1984

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Scantronic Holdings PLC

SHARE CAPITAL

issued and fully paid 175,000

Authorised

Ordinary Shares of 2½ p each

Placing by de Zoete & Bevan of 1,600,000 Ordinary Shares of 2½p each

at 78p per share Scantronic Holdings PLC is engaged in the design, manufacture and sale of digital

communication equipment for use principally in the intruder alarm industry in the United Kingdom and overseas. Application has been made to the Council of The Stock Exchange for the grant of

permission to deal in the ordinary share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. A proportion of the shares being placed is available to the public through the market.

Particulars of the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 26th March, 1984, from:

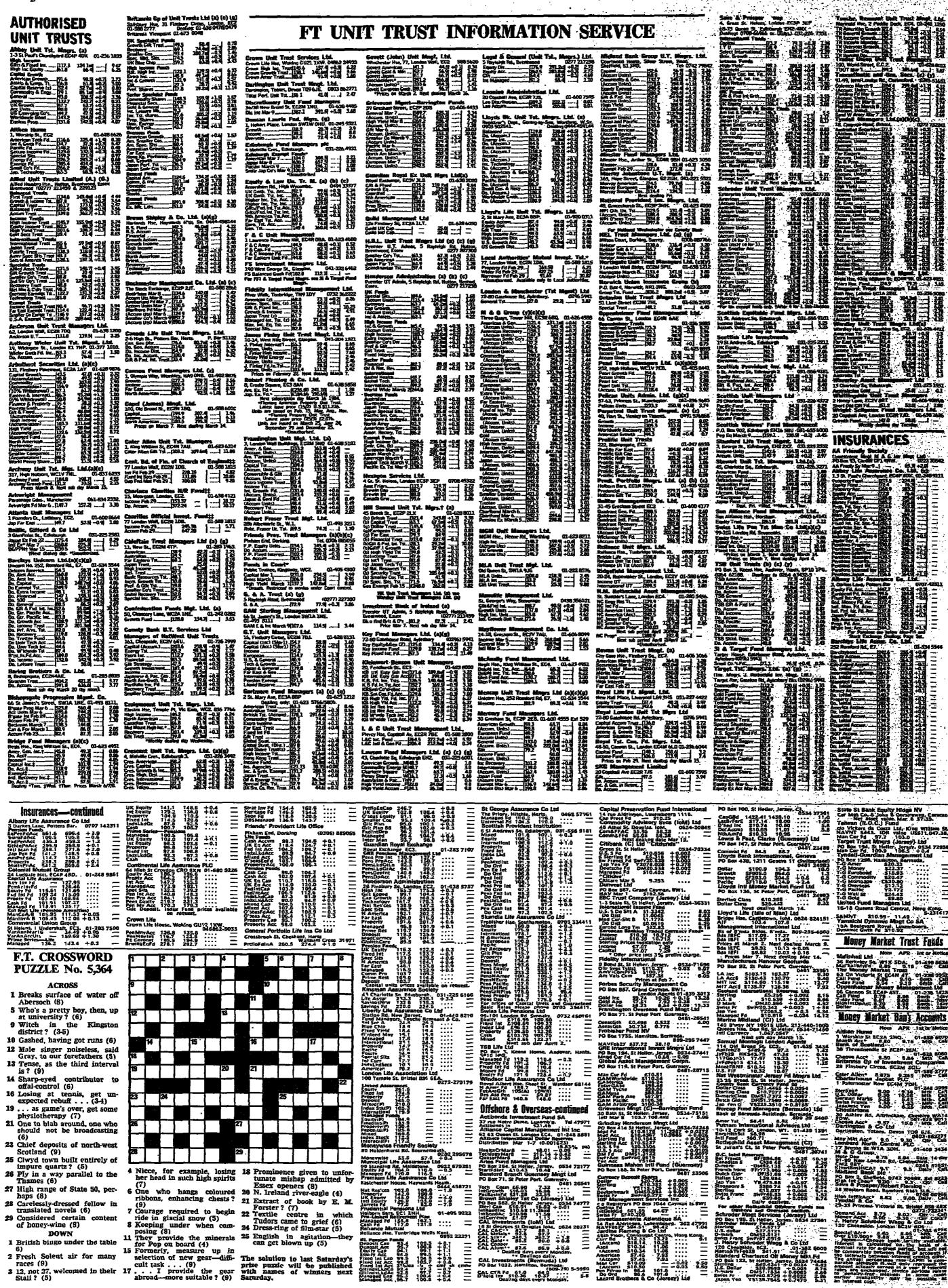
> de Zoete & Bevan, 25 Finsbury Circus,

London EC2M 7EE.

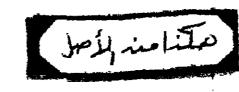
Company (Sec.) (Sec.) (Sec.) (Sec.) (Sec.) (Sec.) (Sec.)

The second

The life American



DOWN 1 British bingo under the table 6) 2 Fresh Solent air for many



Financial Times Monday March 12 1984 **INSURANCE & OVERSEAS MANAGED FUNDS** | Semic Co's & Reces | Fd | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 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200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 200.15 | 20 | 10 Style | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 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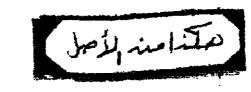
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July Selincopt Sp... | May | Nov. | A. B. | Electronic | 173 | 1731 | 1731 | 1732 | 1732 | 1732 | 1733 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 1734 | 17 **ELECTRICALS**

ENGINEERING—Continued ag poenis J.H. 10p
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Financial Times Monday March 12 1984 PROPERTY—Continued INVESTMENT TRUSTS-Cont. LEISURE—Continued OIL AND GAS-Continued

Spot \$1,4625.4635 \$1,4640.4650 1 month 0.13-0.15 dis 0.12-0.15 dis 3 months 0.54-0.56 dis 0.55-0.59 dis 2 months 2.75 2.77 dis 9.80-2.90 dis

f torward rates are quoted in U.S. cents discount.

. £100m

-1.11 0.5-0.57dis 2.17 0.76-0.69pm 2 - 0.04-0.02pm 4.12 3.15-3,05pm -3,84 35-40dis

CURRENCY RATES

3 month 1.4880 3.7375 11.8125 3.0750 325.4

£100m Top Accepted rate of discount. 8,50333

Average yield.... 8.65%
C97,855 Amount on offer
at next tender... £100m

0.01c pm-0.01 dis 1.05-0.95c pm 15-17c dis

15-17c dis 3-14-ors dis 1.02-0.97pf pm 1.25-325c dis 95-110c dis 94-104; fire dis 1.50-2.30cra dis 2.60-3.10c dis 0.15-orspm-0.35ds 0.63-0.559 pm 6.10-5.50gra pm 1.31-1.27c pm

FORWARD RATES AGAINST STERLING

BANK OF ENGLAND TREASURY BILL TENDER

1.4600-1.4510 0.11-0.16c dis 1.1865-1.1865 0.23-0.20c pm

148.50-149.20 148.75-148.85 95-110c dis — 9.43 300-335ds 1599-1605 1601-1602 91-105 lire dis — 7.57 283-293dds 27 7.4550-7.4500 1.80-2.30ore dis — 7.57 283-293dds 1.80-2.30ore dis — 7.500-7.9800 7.5600-7.9550 2.80-3.70c dis — 4.30 11-12dds 167 7.6507-7.6800 7.5600-7.6850 0.750repm-0.35ds -0.15 .75mr-35ds 18.68-18.18 18.77-18.18 6.10-5.50gro pm 3.27 2.31-2.20pm 18.68-18.18 18.77-18.18 6.10-5.50gro pm 3.27 2.31-2.20pm 19.70

3.77 11.6125 3.12 327.5

March 9 ; .March2

THE DOLLAR SPOT AND FORWARD

312

Dollar rally peters out

An attempt at a dollar rally etered out last week, mainly a result of the currency's mability to hit certain critical points against the D-mark. There were very few economic statistics published likely to have any substantial influences. Reserve Board, were both quite wocal, making several speeches involving the dollar, but the effect tended to be rather confused. Mr Feldstein's suggestion that the dollar could fall by up to 20 per cent this year initially helped to push the currency down to its lowest level since about the middle of last year, but his comment later in the week that economic growth

could be as high as 6 per cent contributed to the attempted recovery.

Mr Volcker said little new, and continued to warn about the dangers of the very large trade and budget deficits. On the

And the second s

as a result of the currency's mability to hit certain critical points against the D-mark. There were very few economic statistics published likely to have any substantial influence on the dollar. Mr Martin Feldstein, chief economic adviser to President Reseau, and Mr Paul Volcker, chairman of the Federal Reserve Board, were both quite spocal, making several speeches involving the dollar, but the effect tended to be rather confused. Mr Feldstein's surgestion that the dollar could fall by up to 20 per cent this year initially helped to push the currency down to its lowest level since about the middle of last year, but his comment later in the week that economic growth.

Tecovery.

Mr Volcker said little new, and continued to warn about the dangers of the very large trade and budget deficits. On the other hand his remarks about strong economic growth also chert that the U.S. economy has grown faster at the beginning of the year than was expected was underlined by perhaps the most important economic statistic of the week, U.S. unexaployment for February. This fell to 7.8 per cent from 8 per cent and coupled with other recent figures lent support to speculation that the methal that the currency down to its lowest level since about the middle of last year, but his comment later in the week that economic growth also there are the U.S. economy has grown faster at th

EMS EUROPEAN CURRENCY UNIT RATES Bills on offer £100m Total of applications. ... £464m Total allocated £100m Minimum accepted bid ... £97.88 Allotment at 44,9008 8,14104 2,24184 6,87456 2,52595 0,72569 1403,49 8.15934 2.23044 6 89029 2.51737 Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD -1.11 0.52-0.57dis -1.36 0.60-0.70ds -1.36 0.69-0.70ds
3.17 37-27apm
-5.50 88-98dris
-5.95 88-98dris
-3.71 1.17-1.32dis
3.58 37-3pm
-21.98 660-1370dris
-9.40 515-540dis
-9.40 515-540dis
-4.61 117,-12/dis
-5.17 19-27dis
-1.34 4-47dris
-1.44 2.21-2.10pm
-2.68 177-14pm
6.25 47-44-pm
ial franc 79.05-79.15
pnth 2,70-2.80c dis 11.52-11.57; 11.59; 11.104; 47-b; c dis —5.77 79-21dis 11.15; 11.27; 11.21; 11.22; 11.24; 1-1; ore dis —1.34 44-jdis 125; 3307; 327-328 0.53-0.549 pm 2.14 2.21-2.109 25.35-26.70 26.47-26.52 6; 5-5; or m 6.25 47-14-jdis 3.09-3.13; 3.11; 3.12; 17-17; c pm 6.25 47-44-jdis 81: month forward dollar 1.18-1, 23c dis. 12-month 2.70-2.80c dis.

OTHER CURRENCIES Note Rate 26,35-26,65

CURRENCY MOVEMENTS Austrian schilling Beigian franc.... Danish kroner.... Deutsche mark Swiss franc..... Guilder..... French franc.....

remained disentanted with the dollar because of the budget and trade deficits. On Thursday in New York a partial dollar recovery stalled when the currency failed to return above the DM 2.80 level against the Departs.

The yen rose to its highest level against the dollar for two years, with most of its gains

minimum level

Austria Sch.
Belgian Fr...
Danish Kr...
D'marK
Guilder
French Fr... 812 *CS/SDR rate for March 8; 1.35203

EXCHANGE CROSS RATES Italian Lira Canada Dollar Belgian Frai wiss Franc 3.770 3.679 77,10 52,78 1,1*2*8 12,98 620,3 7140, 11.51 3.247 1.208 10. 3,722 1,596 0,594 Dutch Guilder Italian Lira 1 000 77.01 140.0 2.731 4.966 18.13 32.97 1. 1.818 6,267 15.06 1.684 2,295 5,516 1262. 3033. 41,61 £ 2.403

EURO-CURRENCY INTEREST RATES (Market closing rates) Danish

Asian \$ (closing rates in Singapore). Short-term $9^{11}_{16} \cdot 9^{12}_{16}$ per cent; seven days $9^{1}_{16} \cdot 9^{1}_{16}$ per cent; one month $10^{1}_{16} \cdot 10^{11}_{16}$ per cent; one year $11^{1}_{11} \cdot 11^{1}_{16}$ per cent; one year $11^{1}_{11} \cdot 11^{1}_{16}$ per cent; three years $12^{1}_{11} \cdot 12^{1}_{16}$ per cent; three years $12^{1}_{12} \cdot 12^{1}_{16}$ per cent; one years $12^{1}_{12} \cdot 12^{1}_{16}$

kept more closely in line with 11 months.

market rates and is likely to move up and down more frequently and by smaller amounts cluding Iraqi missile attacks on the property in the passet.

Frankfurt

91g 91g 9.91g 9.91g 9.91g 91k 91g 91g-91g 91g-91g

Paris

12

9.91g 9.873 873 919 919

Zurich | Amet'dam |

57g

1.2 2;}.3,5 314-339 Tokyo

Money Markets =

Confusion follows Barclays move announcement. These movements will tend to be watched even more carefully than usual in future, following Barclays statement that base rate will be index of 80.8 was the lowest for the statement of the statemen

MONEY RATES

LONDON MONEY RATES

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

Barclays Bank took the money markets and foreign exchanges by surprise last week when announcing a cut in its base rate by 1 per cent to 81 per cent on Tuesday. This was not as much as most market observers had expected, but on the other hand Tuesday. This was not as much than in the past.

The general air of uncertainty sequent threats to world oil expected, but on the other hand expected, but on the other hand about interest rates left sterling supplies, failed to provide sterwas rather earlier than anticineryous and depressed against ling with a firm base, while pated. There was some suggestion that one of the other clearers would counter Barciays clearers would counter Barclays with a base rate reduction of the expected i per cent the following day, but the Bank of England tended to spike anyone else's guns by apparently endorsing the Barclays move in its new dealing rates on Wednesday.

Comments by the other banks during the remainder of the week did little to encourage hopes that base rates will be further reduced this week, but there was still a strong suspicion in the money market that the Bank of England will cut its dealing rates again by Wednes-day's Budget to bring base rates down to 8½ per cent. Market rates tended to edge up towards the end of last week,

and on Friday three-month inter-

bank was offered at 93 per cent, a rise of 3 per cent from the time when Barclays made its

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11,00 a.m. March 9) bid 10 5/16 1 Offer 10 7:16 6 months U.S. dollars bid 105-8 offer 10 5/4

818.₈₁9 10,3-1049 ECGD Fixed Rate Export Finance Scheme IV Average Rate for Interest period February 8 to March 6 1994 (inclusive): 9.373 per cent. Local authorities and finance houses seven days' notice, others seven days' liked. Finance Houses Base Retes (published by the Finance Houses Association): 9½ per cent from March 1, 1984. London and Scottish Clearing Bank Rates for lending 8½-9 per cent. London Deposit Rate for sums at seven days' notice 7½ per cent. Treasury Bills: Average tender rates of discount 8.4709 per cent. Certificates of Tax Deposit (Saries 6). Deposits of £100.000 and over held under one month 9½ per cent: one-three months 9½ per cent; three-six months 9½ per cent. Six-12 months 9½ per cent. Under £100.000 9 per cent from March 6. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES NEW YORK (4 pm) Treasury Bills Sig month One year

mood of uncertainty, while the

declaration of official strike action in certain areas by the National Union of Mineworkers

may have had some impact as it brought back memories of a previous encounter between the

Dublin

Government and the NUM.

6,28125 | 1718-1712 | 1178-1218 - 1178-1218

Discount Houses Deposit and Bill Rates

FINANCIAL FUTURES

coming at the beginning of the week as the yen moved to catch up with the recent strength shown by the D-mark, while the German currency remained in favour generally, helped by comments made by Count Otto Lambsdorff, West German Economics Minister, about a possible realignment of the European Monetary System. LONDON HREE-MONTH EUROPOLLAR THREE-MONTH STERLING DEPOSIT March 91.12 91.14 91.12 91.15 June 91.07 91.07 90.98 91.02 Sept 90.84 90.86 90.82 90.87 Det 90.85 90.86 90.82 90.87 Det 90.52 90.98 90.62 90.57 Volume 2,904 (2,850) Previous day's open int. 7,374 (7,495) U.S. TREASURY BILLS (IMM) STm points of 100% March June Sept Dec March June Sept Dec ef 100% High Low Prev 109-27 109-24 109-24 1 109-14 109-08 109-12 1 108-25 108-23 108-24 7 108-24 108-24 7 108-24 CERT. DEPOSIT (IMM) \$1m points of STERLING £25,000 \$ per £ DEUTSCHE MARKS DM 125,000 \$ per DM STERLING (IMM) Se per E

1.4675 1.4750 1.4785 June 0.4780 Sept Volume 42 (92) GNMA (CBT) 8% \$100,000 32nds of JAPANESE YEN Y12.5m S per Y100 Previous day's open int. 315 (318) WEEKLY CHANGE IN WORLD INTEREST RATES

Mar. 9 chang Base rates
7 day interber
3 mth interba
Treasury Bill FRANKFURT PARIS Intervention Rat One With, Interb Three month 12.4375 12.5625 BRUSSELS One month Three month MILAN 17出 17点 AMSTERDAM One month Three month One month Three month 123e 13

Leadon—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying sailing rates with the money market, in other contret rates are generally depreted in the domestic money market and their respective changes during week. Band 4 bills 8°_{2} .

Granville & Co. Limited

27/28 Lovat Cane London EC3R 8EB Telephone 01-621 1212 Over-the-Counter Market Company Price or Ass. Brit. Ind. Ord. 125
Ass. Brit. Ind. Cull.S... 139
Airsprang Group 70
Armitage & Rhodes 28
Bardos Hill 320
Bray Technologies 59
CCL Ordinacy 197
CCL 11pc Conv. Pref. 147
Corborandum Abresives 386
Cindico Group 103
Oaborah Services 61
Frank Horsell 205
Frank Horsell 205
Frank Horsell 70 or 87
Frank Horsell 70 or 87
Frank Horsell 81
Frank Horsell 826
George Sier 35
Ind. Precision Castings 48x6
Isle Conv. Fref. 350
Jackson Group 119
Jemes Burrough 119
Jemes Burrough 119
Jemes Burrough 106
Robert Jenkins 106
Scruttons 44
Fobert Jenkins 106
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Ass. Brit. Ind. CULS.

Airsprong Group
Armitdge & Rhodes

Bardoe Hill

Bray Technologies

CCL Ordinary

CGL 11pc Conv. Prof.

Carborundum Abrasivas

Codding Group ÷35 18.8 9.7 4.7 T.0

Citicorp Overseas Finance Corporation N.V.

(incorporated with limited liability in the Netherlands Antilies) CITICORP •

In accordance with the terms and conditions of the above-mentioned Notes and Agency Agreement dated as of March 5, 1979, between Citicorp Overseas Finance Corporation N.V. and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 101% per annum and that the interest payable on the relevant Interest Payment Date. June 12, 1984, against Coupon No. 21 in respect of USSI,000 nominal of the Notes will be USSIZ-15. March 12, 1984; London
By: Citibank, N.A. (CSSI Depr.); Agent Bank . CITIBANCO

Today's Rates 101/4%-103/4%

2 7.77

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3i Term Deposits

its of ℓ 1,000- ℓ 50,000 accepted for fixed terms of 3-10 years. Interest unid for the terms shown:

Terms (years) 3 4 5 6 7 8 9 10 104 104 104 104 104 104 104 104

S.G. Warburg & Co. Ltd.

Banque Paribas

County Bank Limited

Daiwa Europe Limited

Hambros Bank Limited

Kleinwort, Benson Limited

Merrill Lynch Capital Markets

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange,



INTER-AMERICAN DEVELOPMENT BANK

£60,000,000

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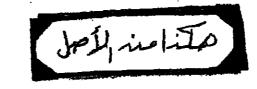
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on N.V.

Financial Times Monday March 12 1984 **SECTION III** FINANCIAL TIMES SURVEY

Unlisted Securities Market

A heady mixture of entrepreneurial flair, hunger for development capital and the odd dash of opportunism has helped the Unlisted Securities Market to grow in dramatic fashion

Expansion from broader base

were being traded outside the official stock market. Previously,

the main alternative for unlisted companies that wished to

trade their shares was to oper-ate under the restrictive and

cumbersome requirements of the Stock Exchange's Rule 163.

David Cohen of stockbrokers Simon & Coates, which have

brought 15 new companies to the USM.

the rules of admission to a

total to only 10 per cent.

in on the future growth they were expecting and any future

An important relaxation of

Relaxation

BY WILLIAM DAWKINS

SINCE ITS opening in Novem-SINCE ITS opening in November 1980 with an initial core of 11 companies, the USM has expanded far beyond the City's expectations. By the end of last year, 232 companies had tasted life on the USM, of which 17 had graduated to a full listing—use of the market's most important aims. Examphile, 12 companies were taken over and for collapsed. five collapsed.

The market started with an emphasis on oils and indus-trial stocks. It has broadened to include a disco, a casino, design companies and even a funeral director; and it has a busy cal-endar of new issues stretching many months ahead.

In the five years before the USM's birth only 60 UK com-panies had gone public. Clearly, the new market has gone a long way towards answering the shortage of funding opportunities for small businesses in the City bewalled by the Wilson

"The experience so far has been very rewarding," says John Dodwell, deputy head of the Stock Exchange's quotations department. "It has demonstrated that there was a latent demand for equity capital and that the arrangements we made seem to have been sufficiently attractive to draw out that demand."

and the average is more like 30 per cent. Other changes included the

requirement that entrants to the USM need have only a three-year track record — as against five years—and aboli-tion of the £500,000 lower limit on market value. Only one com pany has needed to use the latter concession, Stanelco engineering, which has a market capitalisation of £400,000.

The real attraction was the The real attraction was the reduction in entry costs. Advertising requirements for USM entrants were radically reduced, so that they no longer had to place full prospectuses in national newspapers. Admission fees were reduced to £1,000 from anything up to £13,700 for a full listing.

That limited trade to occasional matched bargains with prior permission from the exchange. Very few companies have come to the USM without raising some cash en route. By the end of last year, USM companies had raised almost £475m, including rights issues, about "The economy was crying out for a younger and cheaper marketing method, so the USM was bound to succeed," says 60 per cent of which was retained for investment in their businesses and the rest kept by shareholders.

> raising funds is increasing. In 1983, USM companies raised nearly £200m against £83m in the previous year.

public listing introduced by the USM was the reduction in the proportion of equity that companies had to release to the public from a quarter of the the previous year.

Mr Brian Reynolds, chairman of computer software group Micro Focus, which announced a £9m rights issue last month, the first USM rights issue of the year, says: "I see the USM as a source of venture capital. The advantage of country finance is Young entrepreneurs had been unwilling to sell 25 per cent of their company as demanded on the full market advantage of equity finance is that you can keep coming back for more. If you borrow, on the other hand, there is an expectation that you borrow once and that's it." because that would have meant limiting the chance to cash

rises in their companies' share Other companies have used The other rationale behind the Curiously enough, however, the USM was to provide a reconjugated environment for the companies have taken advangrowing number of stocks which tage on the 10 per cent rate, their USM paper to fund take-overs, the most notable example being Oceonics, the marine electronics company. It saw its

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issue price multiply six-fold to 805p, and financed a series of tic activity has come the schizo-phrenic performance of share prices for which the USM has become famous. It has never electronics companies within before moving on to the full market last August.

The rate at which companies are joining the USM is also growing so that the market is now approaching a value of f2.5bn, more than double its worth a year ago, with the biggest company being Acorn computers, capitalised at

Yet the USM is still tiny in relation to the main market— in fact the whole of it is still worth rather less than Marks and Spencer, or one-third the value of BP, the biggest company on the Stock Market.

Schizophrenic

Despite its smallness the level of activity on the USM is proportionately far higher than on the fully-listed market. Last year £1,2bn-worth of USM shares-half the value of the entire market-were bought and sold. Hand in hand with this frene-

pretended to be anything other than an opportunity for investors to take high risks in the hope of resping high returns, as testified to by the warnings that each USM share certificate must carry. And right from the start, it has looked disturbingly vulnerable.

For one thing, its fortunes are

tied to two sensitive sectors, oils and electricals, although not nearly such an over-riding feature of the market as at the outset. Between them, however, these two sectors still account for about half the USM's value.

In its first year, the City's doubts about the new market seemed to be confirmed when Joe Granville, the oracle of Wall Street, raised doubts about the USM in a radio interview. Prices went into a tailsnin

The scare was short-lived, which last month saw its share e USM has price plunge from 87p to 40p in eater resilione day following a few pessi-CONTINUED ON PAGE 2 and since then the USM has shown signs of greater resili-

ence. Yet share prices are still notoriously volatile.

Paradoxically, the market for at least a third of the stocks ANALYSIS OF USM COMPANIES BY SECTOR AND CAPITALISATION"

	Number	Market capitalisation (£m)						
	of of cos.	6-1	1-5	5-10	10-20	Over 20		
Engineering manufacturing	11	_	7	3	_	ī		
Other manufacturing	30	2	7	11	8	2		
Computer systems and service	≥s 26	_	11	5	5	5		
Oil, gas and energy	23	_	3	5	7	8		
Building and property development	14	2	7	3	1	1		
Leisure	13	_	5	3	1	4		
Financial services and advertising	11	_	5	2	2	2		
Drink and food	11	1	3	5	1	1		
Distribution and wholesaling	: 10	1	6	2		1		
Retailing	9		5	1	2	1		
Investment (including property investment)	7	1	3	2	1			
Other	22	-	77	_	19			

November 1983 Source: Arthur Andersen

on the USM is effectively moribund, with only a handful of

shares in those companies changing hands every day. The

activity tends to take place on

the first day or so of a listing and then tail off sharply there-

Jobbers estimate that 70 per cent of the shares made available to the public in the average placing are "turned" in the first day of dealings, and

that this drops to 10 per cent in the second day, with hardly any business after day three.

and then just burn out," says David Cohen. Of the current total of 210 UK-based stocks on

the USM, 55 are trading below

their issue price.
The volatility of those shares

which are actively traded on the USM is intensified by the

narrowness of the market in many stocks. Initially this was

because company directors held

tight control over their share

stakes, but more recently the

market has got even tighter as institutional investors have

Institutions fought shy of the USM in its early days, but now

that it is closer to establishing real respectability they have

built up their holdings and are

It takes very little buying or

selling of a narrowly traded

share to send its price shooting

up — or down — dramatically. A case in point is Adam Leisure,

a Harrogate-based distributor

and maker of electronic toys.

moved in.

the market.

"Quite a few issues tend to start off in a blaze of glory

150 COMPANIES SUMBER OF COMPANIES ENTRIES ONTO USM ENTRIES ONTO LISTING believed to account for some 70 per cent of the free equity on PKET P/E RATIO (GROSS)

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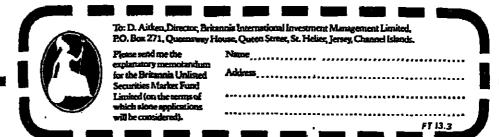
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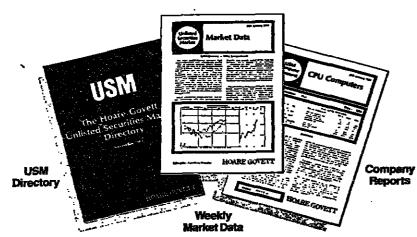
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We also publish an annual USM Directory which gives a brief description of each company and summarises financial performance. The Directory and weekly Market Data publications are now available to those who wish to get closer to the USM.

For more information on cost and availability, call Geoffrey Douglas on 01-404 0344 or simply fill in the



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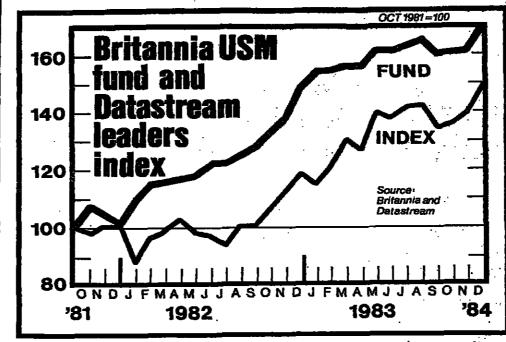
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Unlisted Securities Market II



vestors seeking a direct position on the USM have a choice of two funds. Britannia, after healtant start, has managed to track the leaders index consistently and to iron out some

Rewards and pitfalls for private investors

THE Unlisted Securities Market has gone a long way towards shaking off the shady and speculative image it had in the minds of many investors three

With success stories like Oceonics, Acorn computers and Micro Business Systems behind it and a market value approaching £2.5bn, the USM has proved that it can be a mine of genuine opportunities for private investors.

However, it is still no place for widows and orphans. As every USM share certificate warns in large red letters: "This security is not listed on the Stock Exchange and the company has not been subjected to out profit from new issues in the same degree of regulation as a listed security."

That is not to say that there are not large gains to be had for the nimble footed with a spot of spare capital available for risk-taking. But if you are plan-ning to take a flutter on the USM, don't do it with money you cannot afford to lose, and do bear in mind the following basic rules of survival:

 Be prepared for a hair-raising ride. The marketability of many stocks is extremely thin, since institutional investors hold around 70 per cent of the free equity on the USM and the directors are not obliged to release more than 10 per cent of their companies' equity. When prices of narrowly traded stocks move, they move dramatically. You could occasionally be saddled with huge losses as well as gains.

Small bundles

up more than a handful of says Garth Ramsay, deputy shares in many companies. chairman of Ivory & Sime. shares in many companies. bundles of stock is expensive, so consider whether the gain you hope your favourite hotyou hope your favourite hot-stock will achieve will be shortly. The rest are divided enough to cover the dealing between U.S. over-the-counter

in the first day or two of a new share's life, with business tailing off sharply thereafter. The first Charlotte's net asset value result is that around a third of the stocks on the USM are hardly traded at all and their by the Datastream USM index prices stagnate. This means most private USM investors are probably the "stags" who ve in on new issues, buying shares on the first day in the hope of selling them as quickly

as possible at a profit. Regular published informa-tion on many USM stocks is still thin. Brokers Hoare Govett and Grieveson Grant do pro-duce circulars on the USM and a number of others are muster-ing their research resources. But information, particularly on smaller companies, is still so scarce that investors may get no warning of impending

trouble.

The information famine has

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encouraged a small boom in share tipsheets, which claim to offer special knowledge of the stocks they cover to the benefit of subscribers. In practice, however, private investors do not often gain from tipsters' recommendations, Jobbers read all the investment newsletters first thing in the morning and mark up the prices of any tips before trading starts. So you might

gain by selling a share you al-ready own if it happens to pop up in a tipsheet, but you will be unlikely to make a large profit by investing after publication. Clearly, the USM provides more scope for the private investor to make a quick in and-

to reap long-term capital gains. In any case, it is still too young to have proved itself as a lucrative source of long-term private investments for indi-viduals, although the institu-tions are taking the USM increasingly seriously.

Despite the institutions' growing confidence, however, the number of managed USM funds available to the private investor ts very small, Ivory & Sime's First Charlotte Assets investment trust and Britannia's USM unit trust, both established in 1981, are the only managed vehicles which fully specialise in the USM.

Both funds got off to a slow ● It may be impossible to pick emough on the USM to buy,"

However, First Charlotte has built up its USM exposure to 47 per cent of net assets and costs.

● Prices tend to move quickly investments, the full stock market and UK government

> rose by 38 per cent, just under the 40 per cent increase shown over the same period. After a the fund is now worth around

The most straightforward benefit of choosing a managed USM fund is that it enables a

small investor to build up a spread of holdings which it would be difficult and expensive to do alone.

La addition investment trusts

can switch from one company to another without incurring capital gains tax, while indivi-duals' timing of investment moves may be affected by their need to avoid notching up too many capital gains in a single

tax year,
"If capital gains tax considerations hold up your investment decisions in a fast moving market like the USM, that could be a severe disadvantage,

argues Mr Ramsay,
Britannia's £8m USM fund
marginally underperformed First Charlotte in the compar-able period, producing a 36 per cent gain in unit price. It has a rather higher USM content— 75 per cent, with 15 per cent on the over-the-counter market and 10 per cent in cash.

"Given the special nature of the USM, the fund could be a highly volatile investment and therefore the managers suggest that the new fund should form only part of a balanced portfolio of international equities, fixed interest securities and the securities are securities as the securities are securities and the securities are securities are securities and the securities are securities and the securities are securities are securities are securities and the securities are securities are securities are securities and the securities are sec

Equal chance

Because of the narrow marketability of many USM stocks, turnover in the fund has start because the method of to be very small, says Britan-bringing new companies to the USM makes it difficult for fund tend to hold our USM shares for managers to pick up meaningful rather longer than in a fully holdings at the time of the issue. "When we started First "However, the fund does give Charlotte, there was simply not shareholders the chance to be in with an equal chance to the institutions at new issues,"

Even an institutional buyer

of Britannia's size finds it hard to pick up large chunks of USM equity. None of the fund's USM holdings accounts for more than 2 per cent of total asset value, according to Mr Whyte.

On the other side of the coin. the number of investors willing to invest in the USM via a managed fund is still limited. We feel that it would be very difficult to attract really large sums of money to the USP says Mr Whyte. At the same time," he adds, "an increasing number of people are believing that this is a genuine market and that the companies in it are

attractive." William Dawkins

Broader base

mistic words from the chairman news ca nappear as a devastatat the AGM. There are only 5m shares in Adam Leisure available to the public, of which 5,000 or so are fully tradable—and the market

in some USM stocks is even more limited. Micro Focus, for instance, is estimated to have a free market for only 2,500 shares, while Kenyon funeral directors has a

market for a mere 500 shares,

according to jobbers Bisgood, Against this background, it is not surprising that USM share ratings have looked overinflated. Stockbrokers Hoare Govett estimate that the average historic mutiple on the USM is between 25 and 30.

against 10 to 15 for the full market. Clarly, some USM companies do have the growth prospects

warned of the dangers of overheating in the USM.

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of research material on USM it has weathered the full companies. It makes little commercial sense for large time, its stability will be stockbroking firms to devote a lot of time to investigating USM casualties yet," says Geo companies because the business Douglas of Hoare Govett.

ing shock, catch the market on the wrong foot and send prices into collapse. More dangerously, a company can quietly run into disaster without its share price registering any IoTechnology, for instance, sud denly went into receivership last year while its 5p shares were trading at 230p, only 20p less than the issue price.

The information vacuum has

encouraged the growth of share tipsheets and speculators, which aim to exploit any specialist knowledge they claim to have to their subscribers' benefit.

Recent months have shown that the research gap is begin-ning to be filled by the brokers, with the emergence of publications such as Hoare Govett's weekly data service, Grieveson Grant's monthly review and Albert Sharp's survey of 19

that would justify such ratings, especially since their profits are rising from a very low base. But, in a bear market, sky-high ratings could become dangerously fragile, and for this gerously fragile, and for this it as a nursery for younger companies which could provide relationships in

of a bear market. Until that time, its stability will be unproved. "We haven't had many casualties yet," says Geoffrey Douglas of Hoare Covett. "But in a more testing climate, there could easily be a list more." does not justify the expense. in a more testing climate, the Consequently, a hint of bad could easily be a lot more."

with the USM experience

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239-30L

Unlisted Securities Market III

Success of the USM has confirmed the Stock Exchange's view of the need to offer smaller developing companies financial incentives to seek a quotation

Cheaper access proves big attraction

THE STOCK Exchange charges costs are likely to be between a fixed fee of £1,000 per annum £50,000 and £100,000," say for a quotation on the Unlisted Arthur Andersen. for a quotation on the Unlisted

Securities Market. What a The main elements of the
company pays above that to go
public will depend on every
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company to the efficiency of its
to the amount of work they
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size than a USM quotation in-stead of the latter's fixed £1,000 charge, a listing is charged according to the capitalisation of the company and goes up each time there is a further issue of shares.

Chartered accountants Arthur Andersen have calculated the comparative costs of an offer for sale in connection with a listing and a placing on the USM for a company with a £10m market capitalisation.

market capitalisation.

The figures are only a guideline and the costs will obviously vary according to the
individual situation of the compage. However, assuming that
the full histing is of 25 per cent of the capital and the USM placing of 10 per cent Arthur Andersen suggests the costs will vary from between £239,000 and £301,000 for the listing and only £70,000 and £120,000 for the USM placing, (See accom-

panying table.)
A placing is the most common method of entering the USM and costs typically in the range per cent of the maney raised. Other expenses include the get a better price for their "For a well-controlled, single printing costs of the offer document, the prospectus, the share than they would have if ment, the prospectus, the share pleated business, the total registration fee and advertising USM placing price of 67p. per cent of the money raised. "For a well-controlled, single

A & G Security Electronics

Aerospace Engineering

Angio Nordic Holdings

Carlton Communication

Ciyde Petroleum

FKI Electricals

Goal Petreleum

†Dunbar Group

(was Fleet St Letter).

Aideom International

company for a quotation.

If a company is brought to the USM by way of an introduction only, a long form report from

the reporting accountants (which is time-consuming and costly to prepare) is not required.

The solicitors' costs will depend on the work involved in amending the articles of association or any restructuring of the share capital which might be needed beforehand.

Responsibility

The sponsor assumes the greatest responsibility of all the advisers for the issue, deciding on the pricing of the issue, the method of entering the market and making the underwriting arrangements. Not surprisingly, the fees tend to be higher, sometimes double that charged

and 2 per cent for an offer for

COMPANIES MOVING FROM THE USM TO FULL LISTINGS

Good Relations Group

Intasun Leisure Group

Jackson Exploration

Markheath Securities

Resource Technology

Star Computer Group

† Taken over by Hambro Life.

Taken over by Stockley Development.

Kennedy Brookes

McCarthy & Stone

Oceonies Group

Trust Securities

Price (p) Price at

at Issue/March 1

150

45

- 86

288

450

130

26

intro.

80

153

26

75 .

52 ...

282.5

300

10

.78

Spicer & Pegler discovered in their survey of companies on the USM that expense was the dominating factor in a company choosing the USM instead of a full listing. Expense was "very important" to 42 per cent of the companies asked, and "quite important" for a further 30 per cent.

The Stock Exchange encour ages companies to spend at least a year on the USM before applying for a full listing. An increasing number of companies are making it quite an open part of their business strategy to move up as soon as possible, though when the path has been adopted solely to save on costs the practice is rather frowned upon by the authorities.

Some companies show consid-

erable ingenuity in finding the most economic route to the market. CPS Computer Group, for example, is expected to arrive on the USM on March 13 by way of a reverse take over of a suspended fully listed com-pany, Olympia. It gains around 4900,000 net cash from Olympia as a result and joins the USM as the directors want to place only 10 per cent of the shares. They are hoping that in a year's time when they plan to move slon will be the per cent for a back up to a full listing (which placing and between 1th per cent means selling more shares into the market to release at least 25 per cent of the equity) they will

Price (p) Price at

at issue/ March 1

113

CORPORATE CLIENTS

USM ISSUES

PRIVATE PLACINGS

139/140 Royal Exchange

St. Ann's Square Manchester M2 7BY

067-835 1850

Hill Woolgar & Company PLC Home Video Holdings PLC

Grosvenor Press PLC Mercantoil PLC

Falcon Resources PLC

Hardanger Properties PLC

York Mount Group PLC vision Video (Holdings) PLC

D. J. Security Alarms PLC

83

228

390

285

165

155. **2**55

Some quoted companies find the USM a useful vehicle to float off subsidiaries, giving the smaller offshoot an independent source of raising finance and often putting a value on the parent's stake in the company above that at which it is valued the parent company's

Professional charges:

Reporting accountants

Other expenses:

Source: Arthur Andersen

Stock Exchange fees

Share registration

Sponsor

Commission

Advertising

Sub-total

Printing

The Sangers group, which has interests in property and manufacturing, recently placed 24 per cent of the shares in its photographic wholesaling offshoot Sangers Photographic. At the flotted with the flotte time of the flotation Mr Mike Flynn, chief executive of Sangers, said: "We wanted to acquisitions, without having to always come to the main board

for approval."

Many companies see coming to the market as a big public

relations exercise. They feel they have reached a stage in their business development when a quotation is felt to enhance their status. It is an effec-tive marketing tool with cus-

(placing of £1.5m)

£'0000s

20-10

58-98

7-15

1-3

3 !

tomers and suppliers.

If publicity is a determining factor, however, then a company should make an estimate of the expense of the quotation (including the hidden costs of employing valuable managemen time in preparing for the quota tion) and decide whether that money might be more effectively spent in marketing terms with out going public. The cost of say, £100,000 could cover a major mailing operation or give the management the auto-nomy to develop and diversify other advertising project which the company, including possible might achieve the same higher profile and extra custom without the disadvantages of going pub-

Alison Hoga:

The number of companies moving on to a full listing is growing

Promotion to the first division

AIDCOM International, which around the film mark for the specialises in innovation, de-year to last September. Group sign and product development, managing director Ms Maurcen has shown considerable flair in Smith said at the time of the its own business dealings since move that the greater respect-it reversed into United Rubber ability of a full listing was an and cloffee Plantations (1932) in important consideration.

ber. Mr James Pilditch, who heads Mr James Filditch, who heads the design and marketing con-sultancy, has provided almost a text-book case of how to use the USM. He kept costs to a minimum by joining through an introduction, then used the status of a public quotation to strengthen the company's position when it decided to take a number of strategic stakes in other businesses. It bought MAS Survey Re-

search outright for £300,000 and took 40 per cent of DVW Micro-electronics for £30,000 and a 51 electronics for £30,000 and a 51 per cent stake in the employee benefit consultancy Cockman Copeman for £250,000. By March 1983 the company decided it was time to raise £1.54m through a rights Issue. This was followed two months later by the acquisition of a 65 per cent stake in World Medical Markets for £140,000

After a comfortable three years in the USM nursery and a years in the USM nursery and a steady increase in profits to £730,000 in the year to October, up from £364,000 in the previous rear, Mr Pilditch and the board decided that Aldcom International had attained a size and record good enough to move to a full listing.

It is the most recent company to get a full listing from the

to get a full listing from the USM and brings the total to 20. The Stock Exchange prefers a company to spend at least a year on the USM before contemplating promotion to the Upper House. Some companies like Aidcom

have taken their time, whereas others have shown almost inde-cent haste to move on. Reasons for the timing vary. Some companies join the USM with the express intention of moving up as soon as possible. They often prefer to begin by giving a smaller amount of shares up to the market, getting used to the circumstances of a public company gradually, with perhaps only a limited trading in their shares. Then, as their confidence grows — and bopefully their profits and prospects too -the directors can contemplate widening the market by either releasing more of their equity

Not all companies issue new shares when they make the move. Good Relations, the first public relations company to get a quotation, moved to a full listing in September and decided not to Issue new shares, preferring to keep the market fairly narrow (though of course it has to meet the minimum requirement of 25 per cent of the issued share capital in public hands).

or issuing new shares.

Good Relations took just two cars to make the move. It has steady 30 per cent year-onexpected to have reached profits

the USM the following Novem- too. In the PR business it must help in defending companies against unwelcome takeover bids when the PR outfit has had some experience of the market

> In the early days of the USM there was considerable anxiety about the volatility of the share prices. Some people also feared a possible lowering of the tone of the market with the arrival of rather unusual companies.

> Oils and electricals feature heavily on the USM. Both sectors took a bit of a nosedive at different times in the last three years, making shares, many of them supporting fancy price earnings ratios, seem sud-

denly very vulnerable.
The USM has not experienced a bear market yet and companies watch anxiously for the first signs. The general consensus, however, has been that the USM came through its first three years with flying colours and remarkably few casualties.

Heavyweights

It has enough heavyweights to assure a reasonable level of respectability. If it tries too hard to emulate the listed market then it would lose it:

market then it would lose it:
raison d'etre as a lively if
slightly more risky nursery for
small companies.

The aerosol manufacturer
Bespak was one of the more
impatient companies on the
USM. It joined the market in
November 1982 and moved up
to a full listing the following
August.

August.
It nearly went for a full listing 13 years ago but when the market suddenly started hurtling downwards it decided to bide its time. It watched the to bide its time, it watched the USM take shape and decided that here was a cheaper and simpler way of getting a quotation which it decided to take advantage of. Bespak also had the tug of being almost a one product company, depending heavily on the supply of aerosol inhalers to Glavo.

Just a year on it managed

Just a year on, it managed to widen its product range a little and more than doubled pre-tax profits in the year to April. The £1.8m profits beat the prospectus forecast by almost 50 per cent.

Bespak joined the USM at a

placing price of 75p per share and has since reached levels well above 300p, though it has underperformed since getting a full listing. After the razzama-tazz of the USM the quoted market can sometimes seem a little dull.

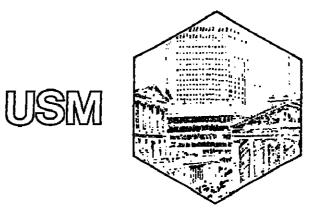
While the pace of companies joining the USM continues to quicken, so too is the number of companies that go up to the first division expected to grow. A few are rumoured to be waiting in the wings for an early debut.

Alison Hogan

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I am a potential investor and would like to receive

as to how you can assist.

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contains background information on all USM companies to the end of 1983. It includes company activity, basic financial information, a share price guide plus a company directory.
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Consultants (C&F)	+	762%
McCarthy & Stone	+	376%
Good Relations	+	327%
Oceonics '	+	308%
Micro Focus	+	233%
Harvey&Thompson	+	181%
VW Thermax	+	140%
Intereurope	+	139%
Rolfe & Nolan	÷	135%
Pineapple	+	126%
Hunterprint	+	109%
S.W. Resources	+	108%
Baltic Leasing	+	100%

Out of a total 77 shares recommended by us since the USM Investor was launched in January 1982 the 14 shares listed above have risen 100 per cent or more.

The average gain on all recommendations is 67.3 per

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CPS Computer Group pic

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The nationwide business of this Warwick-based Company is the sale of IBM computer equipment, the distribution of add-on equipment for the IBM Personal Computer and the

Particulars relating to CPS Computer Group pic are available in the Extel Statistical Services and copies of the placing document may be obtained during normal business hours on any weekday (bank holidays and Saturdays excepted) up to and including 28th March, 1984 from:

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13th March, 1984

provision of related services.

Unlisted Securities Market IV

Charles Batchelor looks at the demand from a third tier of borrowers too small or too young for even the USM

Over-the-counter market set for expansion

THE GROWTH of the USM has been matched by the equally rapid expansion of the over-thecounter (OTC) market. Far from absorbing the need of smaller companies for funding tal for companies too small to and for exposure to a public raise funds on the Stock market place, the USM seems Exchange and latterly the merely to have fuelled demand USM. But while Granville conthird tier of borrowers

companies wellcompanies with a steady growth record for the steady growth record for the carefully controlled market in merest shadow of its U.S. counterpart, where 4.000 stocks are diary, the new OTC market traded in a well-regulated environment. But the dozen or so licensed dealers in securities vironment. But the tozen of so licensed dealers in securities who are attempting to establish a telephone market in London for the shares of about 80 companies are confident that the OTC is set for further explosive growth.

Vulnerable

It has already made great strides over the past two years. In the beginning two licensed dealers struggled to make a market in just two stocks.

The rapid expansion of the OTC market is viewed with conern by many in the city.

Most of the companies coming to market are small enough to be very vulnerable to set-backs; the market itself is subject to no formal regulation (though licensed dealers must be approved by the De-partment of Trade and In-dustry); trading lacks the depth to ensure that all the shares are realistically priced.

The licensed dealers them-selves are the first to acknowledge that the OTC is not for the inexperienced investor and that it should be regarded as a highly speculative market.

The picture is confused by the fact that the market which is increasingly regarded as the OTC has in fact usurped the title which one licensed dealer, Granville and Company (for-merly M. J. H. Nightingale and Company) has been applying to

Both markets set out with the same aim — to provide capicentrates on grooming well-established companies with a

Granville seeks to attract companies capable of, or already achieving, pretax profit of £500,000 and with a potential market value of £2-10m. It does not make a market in the 26 companies it lists but restricts attempting to find the stock required at a particular price if the investor wants to buy or finding a purchaser if the in-vestor has surplus stock. It takes a commission from both

parties to the transaction. In matching bargains Grapville ensures that stock does not fall into the hands of investors who might be hostile to the existing management, thus ruling out the possibility of a contested take-over bid.

Granville's market is largely institutional, dominated by about 80 insurance companies, pension funds and investment

Combined market capitalisation of the companies quoted is around £165m, though this represents only part of their total capitalisation since a majority of the shares is usually retained by managements. Normally 10-15 per cent of a company's stock

Granville listed include Airsprung, the bed-ding manufacturer, Bardon Hill, the quarrying group, and Minihouse Holding, a Dutch computer systems company

Mr Tony Prior of Prior Harwin Securities, a smaller licensed dealer with mainly institutional clients, says he is happy to limit to capital raising exercises of £190,000-200,000. last year.

It is Granville's monopoly control of its own market which has helped provide the impetus for the new OTC market. Here, in theory at least, competing market makers ensure a price is created for a stock in a competitive environment.

It is true that more and more stocks are attracting up to four market makers but many are still handled only by the licensed dealer who brought them to market. Hard Rock Cafe a hamburger restauran in London's West End, is traded by three licensed dealers as well as Harvard Securities, which brought it to market.

Mixture

Applied Holographics, a manufacturer of holograms or three-dimensional images, and Eden-spring, manufacturer of the Oric computer, are also dealt in by four licensed dealers but other stocks are less well served. The companies listed are a mixture of hightechnology and more traditional

Harvard Securities has been the main mover behind the development of the OTC. It makes a market in 30 of the 30 makes a market in 30 of the 30 stocks and expects the total market to expand to 200 stocks by the end of 1984. Monthly trading volume of OTC stocks is now approaching 57m. un from 640,000 in November 1982. Total OTC market capitalisation is about £190m, Harvard estimates.

Harvard, which has 25,000 private clients, is firmly aimed at the retail market, seeing a led by Harvard, have estab-lished a trade association, the British Institute of Dealers in Securities (BIDS), which they niche for itself among investors too small for the average Stock Exchange broker to bother with or those put off by the exclusivity of the Stock Exchange

OTC should be able to raise f1-1.5m, although anything larger is difficult for the market

would allow the market to regulate itself. BIDS has drawn up rules for dealing and minimum liquidity

requirements for members and provides for independent arbitration in disputes and for a compensation fund.

The OTC has so far been pared a speciacular company Some 55 stocks out of 210 were trading below issue price at the end of February. Terry Garrett discusses the risk factor

spared a specializar company crash which would damage its image, although market makers accept there will be failures. But it has yet to ride out a sustained bear market. Many of the small companies traded on the OTC might not have the resources to survive a pro-longed downturn.

Prior is concerned that the OTC is a less liquid market than some of its supporters claim. A new issue is usually

followed by a reasonable amount of activity but in the absence

of exciting developments in-terest wanes, people unload stock and the market makers quote only a "basis" price— they will only match bargains.

The introduction of the Business Expansion Scheme (BES), which provides tax relief on investments of up to \$40,000 in OTC stocks, has already prompted the launch of new OTC compression

It may persuade some com-panies to take the OTC route to a public market but most OTC market makers see their

market as only a first step to a USM or full Stock Exchange listing anyway. The more senior markets will benefit in

the long run.

The BES is unlikely to promote active OTC trading since the investment must be held for

five years for full tax relief to be gained.

The OTC market has gained in cohesion since Prior Harwin started publishing its "pink

sheet," listing prices for most of

hope will ultimately achieve recognition by the Department of Trade and Industry. This

Association

the stocks traded.

Four of the licen

Its supporters say the market may be vulnerable but fulfils a genuine need. They look for-ward to the day when CTC stocks outnumber those on the USM and the Stock Exchange. If that day is to come their US model must be matched in another important respect. The market will have to be subject to a far greater degree

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When choppy waters reveal leaky boats

THE Stock Exchange estab-lished the unlisted securities market to attract young entrepreneurial businessmen to a market with less demanding admission rules than a full quote, where they could float a limited number of shares in fairly small companies. couple of hundred new millionaires later and everything has gone more or less as well as could be expected.

Very few USM stocks actively traded beyond the first few days of dealing. As institu-tions become more relaxed to-wards the market, building up stakes in USM companies, thin markets get even thinner leaving the USM little more than a quick in and out new issue market for private investors. A lack of research by brokers inevitably has bred a number of tip sheets while prices generally are more vola-

tile and share ratings far more given the overall bullish mood optimistic than the main of equity markets.

"wealth warning" security is not listed on the Stock Exchange and the company has not been subjected to the same degree of regulation as a listed security" — very few have wiped out their en-

There have been very few USM companies that have gone bust leaving their shareholders with nothing more than a useless share certificate as an unhappy reminder of what not to invest in. In fact, the number of USM stocks that have gone into receivership can be counted on one hand. That is not bad going for the market, which is supposed to be all about high risks and high rewards. Against the main market the USM is

fair shining with health in that But, of course, the Stock Exchange does weed out some of the more dubious candidates before they reach the USM, while sponsoring brokers and finance houses are generally becoming more careful. As the USM is developing out of its infancy, the quality of sponsors has improved generally to the point where those involved now point where those involved now have a lot to lose if they put their name to a dud.

Fiascos

Nevertheless, while the num-ber of companies that have actually gone down is small— Hesketh Motorcycles, Eurofiame, IoTechnology and American Communications Industries the number of flascos on the USM could fill a not so small book. Missed profits forecasts are nothing new and companies that have been floated on quite fantastic earnings multiplies after a couple of years of rapid growth only to go into decline once the public had put in money, are not that hard to find. Perhaps the most telling statistic about the overall performance of the USM is that according to Datastream, 55 USM stocks out of 210 were trading below their issue prices at the end of February. Those figures exclude overseas-based companies such as Nimslo. It amker of commercial dishlooks a pretty poor performance washers in the U.S., Chemical

Two USM stocks are currently The only really surprising in suspension, trying to come thing about this junior market to grips with their changes in is that even though every stock fortune. Thames Investment carries the Stock Exchange's Securities suspended its shares chief executive left and the company's property assets were At the time one of the

jobbers said that for months he did not know if the price of property group Thames should have been £2 or 20p. In other words the research into USM stocks left even a market professional with no idea of the company's true worth.

The other company in suspension is Immediate Business Systems. It joined the USM two years ago with a placing of equity at 90p a go. The shares have been up to 314p since then but a few weeks ago were suspended at 58p. IBS started with an interest

ing product — portable billing machines allowing gas and electricity meter readers to present occupants with a bill there and then—which should seem like a natural winner. But the initial losses, which were always foreseen, mounted and even after a rights issue in 1983 the management has had to suspend in order to "finalise refinancing pro-

That saga typifies many of the USM tales of woe, in which enthusiastic managers have brought along new products with potential, but development and marketing time have been seriously under-estimated. The result is that under capitalised commanies are into trouble companies run into trouble, IBS & not the only one.

Nimslo may not be in sus-ension but it is a fine example of a product that caught in-vestors' imagination but seems to lack a viable place in the markets.

Barkets.

Breville Europe is the other side of the coin. It joined the USM on the back of a highly successful toasted sandwich maker but Breville is now suffering the problems of a (basically) one-product company when its product is no longer the latest fad.

Chemical Methods Associates

CONTINUED ON NEXT PAGE

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Wenlock Road on NI

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ONE OF the principal accusations levelled at the Unitsted diffuse. The shifting stakes in Securities Market by its seepties at its launch over 3½ years ago was that it would be little apple Dance Studio serve only nore than a vehicle for successful entrepreneurs to realize part of their investment in the budding businesses they had crested in its arena and here, just as much as in the full listed seepe, they are constantly always have some element of ruth in it but as the market businesses.

In a sense that criticism will always have some element of ruth in it but as the market businesses.

In the principal accusation of the principal accusation of the principal accusation of the principal accusations of under £8m, and Resource-Technology, the exploration equipment group, paid to tell students of junior market form that Michael Ashrorft and market value was less than market value was less than businesses in the full listed seeme, they are constantly which has acquired Hopefor for £16.3m by Tricentrol, which has sociates which are prepared to use marketable paper for the classic reasons;

To the extent to which the of the principal and restanting the principal accusation of Vickers for £3m, against a year-end market use of under £8m, and Resource-Technology, the exploration equipment group, paid Resource-Technology, the exploration equipment group when its market value of under £8m, and Resource-Technology, the exploration equipment group and Resource-Technology the exploration equipment group and Resource-Technology the exploration equipment group and Resource-Tec

are prepared to use marketable paper for the classic reasons. To the extent to which the principally to raise negotiable currency for acquisitions and tration of activity, takeover additional capital.

It is easy an exaggerate the beast which USM paper may bring in acquisitions and rights that its principal elements are issues. The prototype USM made up of either high technology lesues (which include to the outside world and as a communications and security), broad generalisation the free oil and resources (which would capital went to a tightly defined include exploration and applied circle of friends and friends of exploration are greenise) and to exploration expertise) and to exploration expertise) and to a lesser extent the financial sector, mostly property invest-ment and development. The first stock out of the USM and on to the full market was Machinette Socretites at Machinette

Markheath Securities, a North and development group. Oceanics, the marine electronics group, which quickly followed, made a great deal of use of its equity on the USM and built its market capitalisation up to over 190m before making the cuttal Oceanics was by fee the switch. Oceanies was by far the largest USM stock to make the transfer, but it seems that thos that follow will enjoy a high market rating which stems in turn from a progressive earn-ings record and the ability to use their paper for progressive acquisitions.

The most active takeover companies on the USM include Aidcom International, which acquired Media Computer Graphics and Talking Pletures for £36,000 and £50,000 respectively. That is admittedly fairly small beer but A & G Security Electronics has acquired Carters of Burnley for £1.4m, or about—of its then market capitalisation.

nounced re-allocation of owner-ship in the building materials. sector, a process which can be For the USM, not unnaturally,

One sign of the market's growing maturity is that member companies

have become active in acquisition ventures

Participants move into takeover game

which has acquired hopetor for 1980,000, or 230,000 shares; MME Facilities, which has acquired Ewart & Co (Studio) through the issue of 800,000 shares; and Coleman Milne, which has funded the acquisition of a slice of Henlys equity through the issue of shares to through the issue of shares to British Car Auctions.

On occasions, such as the acquisition of Wheelers Restaurants by Kennedy Brooks, the juniors market takes a pot shot at its supposed bigger brethren by making a successful takeover. More frequently, as in the rival takeover bids for Classony-based takeover blds for Glasgow-based video distributor Michael Black ng, fully listed stocks pitch for their unlisted peers.
Others to come into this cate-

Crest International Securities was eventually acquired for £5.6m by Kwik-Fit (Euro), although not without certain objections from Kwik-Fit's institutional shareholders.

As to the rights issue market, USM companies have been tolerably active raising, as Hoare Govett has calculated, £68.6m out of a total of £349.5m new capital raised between 1980 and 1984. Since then McCarthy and Stone, builder of sheltered homes for the elderly, has raised £12.1m on a one-for four basis and has transferred from the USM to the fully listed market. Its business has gory include Oldham Brewery, grown rapidly since its first

launch date in May 1982 and it may be a feature of those "heavy" call on shareholders that they are also ripe for a transfer to a full listing. Microfocus has recently un-veiled a one-for-six rights issue to raise £9m net of expenses.

profits were very nearly treble those of the previous year and have a great deal more expan-sion possibilities. But the widening of a hitherto tight market for the shares plainly had much to do with the way the price jumped on the day that the cash call and profits

The list of new entrants to the USM sees no sign of diminishing, but those com-panies which have grown to raising should shortly be in a position to leave it. At some

Ray Maughan



At the USM launch of Pineapple Dance Studios its founder, Debbie Moore, made appearance on the floor of the Stock Exchange

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than \$4m profit for 1983. By October the company had called a halt to its dealings at 60p, far below the 115p issue price, because its forecast looked beyond reach after half time

additional capital.

It is easy to exaggerate the benefits which USM paper may bring in acquisitions and rights issues. The probatype USM stock released very little equity to the outside world and as a broad generalisation the free capital went to a tightly defined of friends and friends and friends and friends and circle of friends and friends and circle of the state of the circle o

circle of friends and friends of friends. It is worth noting that

capital to outsiders but that company, like an increasing

hand of its peers, is now open-ing up its capital base.

As one of the leading brokers a this market observed cently, fund raising may well enally a rise in share prices as a most unmarketable stock exames a tradable entity. He eye that for many entrependure one of the principal enseurs for a USM float was, makey, the use of many for

Mot that there has been very much coherence about takeover activity in the USM. In the senior market, as a broad generalisation, takeover activity

has been concentrated on finan-cial services agglomeration and

tried and trusted managements

attempt to pick up and shake up under affliced assets, where necessary, by contested takeover. On a more specialised front, there has been a pro-

to continue.

So Chemical Methods and its advisers, Airken Hume, called on one of the oldest marketing ploys in the book, though novel enough in the stock market: "If you are not satisfied with the product you can have your mony back." A fine gesture but an expensive one. Apart from

It is clearly not a market for widows and orphans. But what of the four companies which have gone under? Are there any obvious features to be recognised that could act as a rule of thumb guide to avoid the next disaster?

Hesketh Motorcycles was pure venture capital, backing the dream of young Lord Hesketh that Britain could again manufacture powerful motorcycles. It was one of the first 11 companies on the USM, the shares having been traded on the 163 (2) market for some time. The dream ended in a nightmare with the receivers in mid-1982. Eurodame was perhaps one of the more spectacular failures ecause it seemed to be illfated from the very start. The manufacturer of wood-burning stoves had to delay its USM debut because of an unofficial

We have -

of £335,000 profit for 1981 Against the unofficial one of against the unofficial one of £450,000. There was in fact a loss of £535,000. The shares were suspended early in 1982 and a Department of Trade inquiry was launched. The receivers finally came in early this year and shareholders can expect nothing in terms of cash.

10 Technology's sudden death

expect nothing in terms of cash.

LoTechnology's sudden death
was amazing. A microprocessor
manufacturer, the company
raised £im by a share placing
in March 1982 only to have its
shares suspended in just under
a year. There had been no hint
of translate and the price was an expensive one. Apart from the money it returned to investors; the company has of trouble and the price was shouldered a substantial dividend commitment in order to price, when a halt was called to dealings. The next day the company went into receiver-

> Communications got off to an unhappy start when the underwriters had to take up nearly two-thirds of the issue. In a little over a year this U.S. film production company's shares were suspended following a run of flops. ACI filed for a Chapter Il bankrupcy in the States.
>
> The only lessons are the obvious ones of the dangers of investing in small companies with limited financial support with limited inancial support working in untested markets or with highly volatile products. Four companies do not give a working base to establish any real trends. Still, the life of the USM has been a period of the choppy waters of recession hit some of the USM stocks, which are already sitting in leaky boats.



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Unlisted Securities Market VI

Terry Garrett looks at the different reactions the market gave to the launch of two computer groups

PROFILE: Acorn Computer Group

Heading for the top division

CAMBRIDGE-BASED Acorn Computer Group epitomises the USM. It has come up from USM. It has come up from nowhere five years ago to be one of the leading suppliers of microcomputers in the UK. Profits could reach £15m this year and, judged by market capitalisation. Acorn is the largest group on the unlisted market—a growth rate somewhat faster than that of mighty oaks.

The company was started from scratch by Mr Christopher Curry and Austrian-born Dr Hermann Hauser, Curry had worked for Clive Sinclair's Sinclair Research before teaming up with Hauser. Though relationships with industry guru cinclair are described as Sinclair are described as cordial the two companies are arch-rivals in the computer

Even by the computer industry's standards the rapid expansion of Acorn has been dramatic. The initial phase was a microprocessor consultancy run by the two men called Cambridge Processor Unit. One of the consultancy's early assignments was to iron out problems of an electronic one-armed bandit. That funded the first computer — the launched in 1978.

Glittering prize

The Atom was aimed at the education market but largely lost out to a rival computer. Nevertheless, the Atom sold fairly well in the more general consumer market. But what really rocketed Acorn into the top division was the BBC's plan to launch an educational series on computers. The BBC wanted a low-cost micro.

After some frantic work the Acorn men designed a micro on paper to meet the BBC's requirements. The glittering prize was theirs, much to the chagrin of some of the competition. The computer hit delays in production start-up but after that initial blecup demand for the micro outstripped the BBC's forecasts many times. Some 300,000 have been sold to date.

The launch of the shares on the USM last September is part Curry says: "We chose about and parcel of the company's the worse day possible to go expansion plans. Acorn is public. There were problems making the costly entrance into for the industry in the U.S. and making the costly entrance into the U.S. market, while at home new products are being launched such as the Electron—a computer aimed towards the bottom end of the market to compete with the likes of Sinclair and Commodore but without the benefit of the BBC

The issue was of 11.23m shares by offer for sale by tender at a minimum price of 120p. Yet a stock market concerned by the price war in the sector did not respond with much enthusiasm. The issue was only barely over-subscribed and the striking price was

Such was the change of moo Besides the BBC compiler in the market for high-tech Acorn was able to get itself stocks that Acorn's shares were listed on the select band of soon trading at a discount to recommended suppliers of the offer price, hitting a low soon trading at a discount to the offer price, hitting a low point of 103p at one stage.

a series of collapses just as we were coming along. Also the Spurs issue on the same day had greater public visibility, which detracted investor

Mr Christopher Curry, co-founder with Dr Hermann Hauser of the Acorn Computer Group

"I was very disappointed money to buy shares" with the response. Perhaps we didn't put the prospectus advertisements in all the papers in a scale for the shift as yet.

big enough way.' This year, however, the

money to buy shares."

A full market quote is clearly

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PROFILE: CPU Computers Inauspicious

start for a fast grower

BRINGING THEIR company, CPU Computers, to the USM should have been a moment of triumph for Tom Fitzpatrick and David Johns. But the moment was short-lived, for the after market in the shares fell dismally short of the issue's striking price. "We were saddened by the thought of all those people. Over-night their investment was down to 87p from 130p," says Tom Fitzpatrick.

Yet CPU was a fast-growing member of the electronics/ computer industry, typical of many that have joined the USM and more solid than some. Its inauspicious start as a public company says more about the City than it does about CPU.

does about CPU.

CPU was started 10 years ago by Fitzpatrick and Johns who had both previously worked for a Callfornia-based mini-computer company, Varian. With £5,000 apiece they formed CPU. From the outset they decided to keep growth limited to the amount they could fund from retained profits. It is only recently that CPU has enjoyed an overdraft facility.

Nevertheless, even if the

an overtifit facility.

Nevertheless, even if the management says that this approach limited the speed of CPU's development, the end result is hardly that of a sluggard. Up to the quotation last June, sales and profits had expanded by a compound growth rate of 374 per cent and 152 per cent respectively over the previous five years.

The group is new ground.

The group is now engaged in component distribution of computer peripherals and the manufacture of "octopus" microcomputers, with a base in West Germany as well as the UK.

The main impetus to bring the company to the USM was the realisation that the company needed quoted paper to make acquisitions. By their own determination Fitzpatrick and Johns had become strong cash managers but two small acquisitions in 1982 for cash showed them that if the zatum was to be con

tinued a quote was needed.
Last summer CPU launch itself with an offer for sale by tender of 44m shares, includ-ing Im of new equity for the company, at a minimum price of 105p. The usual enthusiasm for high-tech surrounded the issue and a striking price of 130p was set by CPU's ad-

That price was either too high or the after market was badly handled. Anyway, as the stags realised that there were no quick profits to be made they fied taking their losses and dragging down the shares. CPU was also caught by a change of attitude towards the tender system and developing troubles elsewhere in the electrotics industry which affected sentiment towards the whole ment towards the whole

sector. The message It has taken six menths of trawling around the City to get the message across that CPU is not vulnerable to the vagaries of video games and the like. Now 20 to 30 institations are on the share register and the price broke through the psychological 130p barrier in January, the first time CPU has seen its striking price.

Analysts are forecasting Analysts are forecasting pre-tax profits of over £2m for the current year against £1.43m and once again Tom Fitzpatrick and David Johns can think in terms of having quality paper to use for acquisitions. Within six to 12 months two sizeable deals could be completed. CPU is talking to three companies, all of which could come to the USM in their own right. the USM in their own right but which CPU would like to

A full listing could come within a year but the real long-term objective is to become "the second or third largest computer company in this country. Below ICL there are few companies with any significant turnsver," according to Fitznarick. ing to Fitzpatrick.

lay Marry 12 lbg

larket gave

PROFILE: Brian Winterflood



PROFILE: David Cohen

Detailed research -strict standards

WHEN DAVID COHEN of to be especially painstaking," stockbrokers Simon & Coates says Cohen. "In particular, we brought marine electronics have to understand a company's company Occonics to the USM technology and look at the stage early in 1982, he was dubbed of development it has reached by one newspaper as "justi-to see whether it is coming to fiably arrogant." the market on the crest of n At that time the USM was

At that time, the USM was still recking from a widespread collapse in prices sparked off most of the two or three combined dubts expressed by Joe most of the two or three companies a week that approach Granville, the Wall Street Simon and Coates for help with investment guru, a few months a listing. "A lot of them just earlier, Cohen had said that the pop up through another arrival of Oceanies would give broker," he says, the market a badly peeded shot

in the arm.
Since then, the USM's health has recovered, Oceonics has become one of three Simon & Coates stocks to graduate to a full listing, and its share price has shot from 130p to a peak of 470p last year, since when it has fallen back below 300p,

Issues thesis

them brought 15 mostly high-technology companies to the USM, more than any other brokers in the City. Coheo's interest in lainging new companies to a public quotation

of the youngest ever partners in the firm and now has overall responsibility for corporate

finance with Abraham.

Simon & Coetes' resultation for bringing high-technology stocks to the USM is partly to do with Cohen's own background, and partly because computers and electricals are the forte of the firm's research department, whose job at is to run a fine toothcomb through every company at plans to spotsor

Few new issues coming to

Once his research team has established in principle

established in principle whether Simon & Coates should back a USM entrant. Cohen or a colleague will usually spend several days with the company.

the company.
"In some cases I go alone

if only to get the feel of the place. That means talking to

everybody, even on occasions

holders will tend to support you when it comes to funding

So what tempted Winter-flood to chance his arm in an flood to chance his arm in an untried and untested market? "Three years ago we very much concentrated on second-line industrial stocks, and we didn't make a market in gits. So it setmed rational for us to expand our operations," he explains.

Moreover, the growing frequency with schools shares

quency with which shares were being traded outside the official Stock Market and the new Conservative Govern-

Early leap wins leading place



Mr Brian Winterflood--- "now the sky is literally the limit" at Frays College — where Winterflood was not a keen scholar—introduced him to City stockbrokers Greener

Dreyfus.

1955

At the age of 16, Winterflood started work as a

messenger for Dreyfus now part of brokers Bekhor

Renton — graduating to a bluebutton on the Stock Exchange floor, before leav-ing for national service in

A few years after his return

to the City, he became a bluebutton for Bisgood in

ment's pro-small business policies indicated that there was a demand for a new

"I could see that there could be a fair amount of business coming our way-and in the early stages, other jobbers were very apprehen-sive about the USM, which made it all the easier for us," Winterflood says. Born in Uxbridge, Middle-

sex, in 1937, Winterflood looked all set to follow his parents into the restaurant trade. Then his Latin master

"I learned a lot from Jimmy Bisgood," says Winterflood. "He taught me not to get too emotionally involved in any company. That can be disastrous. Of course, you should only trade in something you know about, but you should really trade.

but you should really trade shares in crude terms as if they were apples and pears. The onus on us is just to make sure that the market is What about the future for the USM? Winterflood's chief hobbyhorse is the possible threat from the over-the-counter market. The tax incentives available to inves-tors in unquoted companies have inhibited a large number

motor book under Jimmy Bisgood, a founding member

of the firm, which was estab-

lished in the early part of this century. Winterflood became

a partner in the firm in 1960, and took up his present post

"I learned a lot from

of such businesses traded on the OTC from joining the USM, he argues. "There is nothing I would like to see more than the

OTC brought under the Stock Exchange's roof," he says. "All the more business for



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the secretaries and drivers," says Cohen. Cohen, 42, and his partner Roger Abraham have between "We want to know every aspect of the companies we sponsor—warts and ail," he says. In keeping with his detailed research approach, Cohen sets strict standards for his LISM enterty. his USM entrants. He insists that they publish long-form financial reports rather than

began in his mid-20s, when he studied economics and wrote a

the USM can bear the cost of a merchant banker as well as a

nipanies who would ctical assistance m& i help you, contact Bill Edmonds

the skeleton reports permitted for USM companies.

expansion? king to the owns

ham University. He joined Simon & Costes as to release at least £Im worth an electricals analyst in 1962 of shares or well over £Sm if "That was in the days when transistors were cousing as an offer for sale. The main much excitement as microchips reason for this, he argues, is to are today," he says. In 1969, ensure a healthy after-market in the shares, so that there is a reasonable chunk of free equity available after the insti-tutions have taken their stakes. To ensure that investors do not quickly lose interest in a new issue after the first day of trading, Coben tends to argue for initial prices rather lower than many directors would choose on their own. "After all, the issue is only the beginning on company's relationship with the market," he says. "It you have a good Stock Market image from a successful debut, those share

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Unlisted Securities Market VIII

Comparison of the requirements for full listing and for the USM

(a) Entry to market

Minimum percentage of equity to be held other than by directors and by holders of 5% or more of the shares Maximum period since date of last audited accounts Special accountants' report on company's record

"Comfort letter" from spousors of the issue confirming the adequacy of the company's working capital Minimum newspaper advertising

Initial fees to The Stock Exchange

Agreement to be signed
Maximum percentage of existing assets/profits represented
by a capital transaction that does not require:

(1) a circular to shareholders

 (1) a circular to shareholders
 (2) the agreement of shareholders
 Obligation to obtain an accountants' report when an acquisition is being undertaken and (1) or (2) applies Information in Extel service Annual fees to The Stock Exchange Further listings on The Stock Exchange

Required (5 years)

" Listing agreement"

10% 9 months of mounts

Not required by the Stock

Exchange. Required by law,
however (5 years if available)
where any shares are marketed.

Required May be as much as 2 full prospectuses Scale up to £13,700

Not required. 1 small box

"General Undertaking"

Yes
Listed (white and yellow cards) Unlisted (green cards) Scale from £376 to £2,050 Scale up to £13,700

is nevertheless a properly regulated second tier market.

Companies in this market are under an obligation to main-tain an informed market in

their securities by entering into a formal relationship with the

Stock Exchange, known as the "general undertaking," which

imposes continuing require-ments on the company once it

has been accepted into the

unlisted securities market. The requirements are similar to those imposed on listed com-panies by the listing agreement. The Stock Exchange has reim-

posed its strict regulations on dealings under Rule 163 (2)

which are no longer a suitable market for the shares of most

Many of the earlier USM

companies which entered this community were converts from

the Rule 163 (2) but now there

is a regular flow of new entrants. The steady stream of

flotations has become a flood in recent weeks and the USM is capitalised at £2.5bn, with over

The mix of companies on the USM is different from that to be found on the listed market,

where the more established traditional industries have a

greater presence. But the range

of industries represented on the USM is as wide as that on the

listed market, with brewing, property, finance, oil, leisure, printing, advertising, construc-

tion, retailing, electrical manu-facturing among the interests

epresented. The Stock Exchange has

little qualms about the regula-

tion of the market despite a small number of failures which have occurred. "The unlisted securities market is as regu-lated as the disted market,"

argues Mr Stornmouth-Darling,

"only the entry requirements are more relaxed."

The Stock Exchange's objec-

tive is to see that companies which come to the USM should

eventually upgrade themselves into fully-listed companies on

the Stock Exchange. It is happy so far with the number of

companies which have made the

transition but argues that any upgrading should not be done

220 stocks dealt in.

Source: Phillips & Dres

Stock Exchange happy so far

THE STOCK Exchange's Unlisted Securities Market is counted as a remarkable success by the stock market's pro-fessionals. Since its formation in November 1980 it has grown from 28 companies to more than

robust and somewhat boisterous baby," is how Mr Robin Stornmouth-Darling, joint chairman of the Stock Ex-change's quotations committee, summed up the development of the new market, which has attracted considerable enthu-siasm from companies and investors in its short period of operation.

Until 1980 deals in the shares of unlisted public companies were undertaken on the Stock Exchange under Rule 163 (2). In that market stockbrokers endeavoured to fund a matching order for the shares, either from among their own clients or through a stockjobber dealing in the shares. Permission had to be sought to transact each

Apart from the submission of an annual balance sheet and accounts by the broker who submitted the first application to deal, the Stock Exchange Coun-cil did not require disclosure by unlisted companies.

As a result dealings under

Rule 163 (2) were transacted with less certainty of information. However, protection under the Stock Exchange com-

pensation fund was available to investors on the same terms as for investors in listed securities.
The importance of encourag-

ing the growth of small and medium-sized companies was emphasised in the Interim re-port of the committee led by the then Sir Harold Wilson which reviewed the functioning of financial institutions. That report appeared in the spring

The Stock Exchange responded by publicising the arrangements under Rule 163 (2) and relaxed its requirements under this rule. Great interest was shown in this market following the publicity generated by increasing con-cern was expressed about the troduced. It became evident an informal market in its that regulation of the emerging unlisted market would be the control was inunlisted market would have to be introduced without losing the advantages of not being subject to the requirements of

In the final report of the Wilson Committee of the summer of 1980 it was said that the regulations for the unlisted secuinformation and standards of conduct that would enable a fair price to be established

unlisted securities market began life. It provides a public market at reduced compliance cost for the shares of small to medium-sized companies with-out the need to release more than 10 per cent of the equity capital of the company, while offering most of the advantages of a full stock exchange listing.

Relationship

The most important distinction which exists between a listed company and a company whose shares are dealt in under Rule 163(2) is that a listed company must enter into a formal relationship with the Stock Exchange, under the "listing agreement," which obliges that company to take a securities. In return the com-pany obtains access to the stock market and enjoys the status and advantages attached to

In contrast, a company whose shares are dealt in under Rule 163(2) has no formal obligation to the Stock Exchange. It is regulations for the unlisted secu-tities market should be designed the introduction of the USM to ensure such disclosure of has effectively ended for those companies wanting the facility of a public market in their shares without the high com-pliance costs of a full listing. The USM is less restricted than the fully listed market. It

Accountants play an essential part in the financial documentation preparatory to a launch

MAJOR USM REPORTING ACCOUNTANTS

Lining up the figures

Arthur Andersen

Coopers & Lybrand

Ernst and Whinney

Finney Aldfields

Price Waterhouse

Total entrants ..

ous distinction of being rated the most unpopular of business advisers in a survey of USM companies. One in ten com-panies expressed dissatisfaction with reporting accountants—not for performing their job badly but for being too meticulous.

There were claims that accountants were "frightened to sign any document unless directors had previously signed in blood," according to chartered accountants Spicer & Pegler in their survey "The USM Experience."

Directors who felt they had

created a successful and vigorous business through their own acumen often resented the investigations and advice of the accountant, particularly during the preparation for the long form report.
The long form report is

usually required by a com-pany's sponsor, unless the shares are being placed by way of an introduction when requirements are less rigorous. It is a detailed financial document which will include information on the history of the company, its activities and management, its financial position and the finances of any subsidiaries. It is the key document on

which sponsors base their assessment of the company and its likely market value. They rely on it for details of management information systems, management structure and suc-cession, for service contracts, pension schemes and benefits

The long form report is com-piled by the reporting accountants, who may or may not be the company's appointed auditor. Often a company brings in a different firm of accountants, usually a better known national firm which the company hopes will add status and market acceptability to its flotation viewpoint usually reinforced

by the sponsor. For this reason the list of firms which have acted as reporting accountants to USM issues reveals a great dominance by the Big Eight. It is a matter of some contention. smaller firms which have often been with the company during its formative period and feel they can do the job equally competently.

Sometimes a company retains both firms. Mr Paul Morgan, chairman of Morgan Communications which publishes a number of free newspapers, holders, and facing greater appointed Ernst & Wh; uney as scrutiny of their affairs. joint reporting accountants with its local auditors Sloane Winck-less before its recent entry on the USM.
"The local auditors will con-

Pannell Kerr Førster Peat Marwick Spicer and Pegler Thompson McLintock Thornton Baker (Including 21 companies who have since left USM) Three years to November 11 1983. Source: Arthur Andersen.

Annan Impey Morrish is an organisation of chartered accountants which has come together to try and overcome the problems of size and limited resources to provide a complete consultancy and audit service.

Mr Peter Hughes, managing partner of the AIM organisa-tion, said: "Our members feel they can often provide a better service to independent local businesses than some of the larger firms. With the backing of the AIM organisation they can undertake detailed reviews of management organisation structure and the adequacy of internal controls and manage-

Determinant

Just under half the companies that have so far come to the USM have made a profits fore-cast. It is considered helpful to the marketing of the shares and is an important determinant of is an important determinant of the share price. Though the forecast is finally the respon-sibility of the directors, the accountants job is to ensure that it is not unrealistic. The preparation for "going public" should start long be-fore the appointment of the re-porting accountant and some

porting accountant and some-times before a sponsor appears on the scene. One of the biggest problems for directors of a

A reorganisation of the capi-tal and shareholdings structure is sometimes needed. Fixed assets and stock needs proper valuation and the funding of tinue to come in and examine pension liabilities has to be

our six monthly accounts after arranged. The company also we have gone public," he said. needs to set up adequate internal financial controls and man agement information systems These are all matters on which the accountant is often the best source of advice. The tax consequences of g

ing public are often one of the most important and time-con-suming matters for consideration before a quotation. It can sometimes take a couple of years to arrange the tax affairs to the company and owner's family to best advantage. The USM can allow share

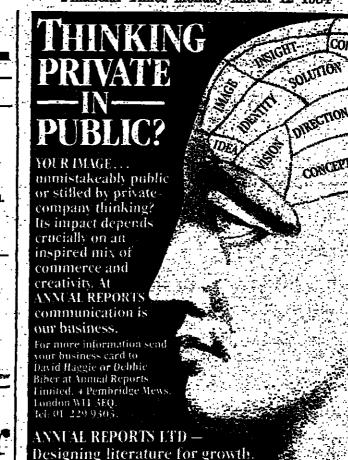
holders to realise gains and losses following a planned tax strategy, taking advantage of the annual Capital Gains Tax for example. It also has advantages for potential investors.
Outside investors may be

eligible for income tax relief for capital losses on unquoted shares. A quotation is a parti-cularly useful opportunity to give key executives a stake in the company's equity. According to chartered accountants
Touche Ross, "provided this is
properly planned, any profits
arising on share realisations
should bear Capital Gains Tax

The larger firms of accountants are turning their attention to the small business sector in a much more determined way because of the growing competition in all areas of their business. They vary in their charging policy. Some apply the same scales across the board. Others tailor their charges to the charges to the scales across the same scales. the client-often hoping to gain a greater return on their in-vestment in later years when the company has developed and is able to pay for more exten-sive services.

Alison Hogan

Financial Times Monday March 12 1984



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